



UMW HOLDINGS BERHAD (090278-P)
Annual Report 2014

BEYOND BOUNDARIES®



UMW Toyota Motor Sdn. Bhd. increased its market share from 14.1% in 2013 to 15.6%, with a total of 103,635 units of Toyota and Lexus vehicles sold.

PERODUA maintained its No.1 overall position in the Automotive Industry for the ninth consecutive year, contributed in part by the strong sales of the newly-launched PERODUA Axia, Malaysia's first energy-efficient vehicle, in the fourth quarter of the year.




INCREASED MARKET SHARE TO

15.6%

FROM 14.1% IN 2013



AUTOMOTIVE



The Equipment Division recorded a 3.6% increase in revenue from the previous year, driven by improved sales in the industrial equipment segment, especially in the overseas operations.

In tandem with the increase in revenue, the Equipment Division recorded an increase in PBT, from RM195.8 million to RM218.2 million, an improvement of 11.4% over 2013.



RECORDED AN
11.4%
INCREASE IN PBT



EQUIPMENT

UMW Oil & Gas Corporation Berhad registered an increase in revenue and PBT of 37.6% and 37.4%, respectively, compared to 2013.

The improved performance was attributable to additional contributions from its rig operations and improved operational efficiencies.



REGISTERED AN INCREASE IN
REVENUE AND PBT OF
37.6% & 37.4%
RESPECTIVELY, COMPARED TO 2013

A high-angle, top-down photograph of an oil and gas platform deck. The floor is made of a metal grating. Several workers in dark, heavy-duty work clothes and white hard hats are visible. One worker is on the left, another is in the center, and two others are on the right. They appear to be working on or inspecting large industrial equipment, including a large circular valve or wellhead in the center. The lighting is dim and has a strong red tint, creating a dramatic and industrial atmosphere. The text 'OIL & GAS' is overlaid in white, bold, sans-serif font across the middle of the image.

OIL & GAS


The Manufacturing & Engineering Division managed to turn around its performance in 2014. It achieved a PBT of RM14.8 million, a significant improvement from the RM39.2 million loss recorded in 2013. Our lubricant business in China also contributed to the improved PBT performance.



ACHIEVED A PBT OF

RM14.8
MILLION

IN 2014, A SIGNIFICANT
IMPROVEMENT OVER 2013



MANUFACTURING & ENGINEERING



OUR PROMISE

Together, we play a leading role in shaping the future of our industries globally. We do this by inspiring vibrant ideas, nurturing potential, pioneering partnerships and delivering excellence in everything we do, the rewards of which contribute to the progress and well-being of all our stakeholders.

HONOURABLE

Our enduring commitment to integrity and trust.

VIBRANT

Our contagious energy and appreciation of fresh thinking.

UNSHAKEABLE

Our unwavering resolve and commitment in everything we do.

PIONEERING

Our visionary approach to developing and shaping our industries.

33RD

ANNUAL GENERAL MEETING

UMW Auditorium
UMW Holdings Berhad
No. 3, Jalan Utas (15/7)
Batu Tiga Industrial Estate
40200 Shah Alam
Selangor Darul Ehsan
Malaysia.

Thursday, 28 May 2015 at 10.00 a.m.

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BEYOND BOUNDARIES®

In tandem with UMW's growing presence in the global arena, its workforce has embraced the rallying call – *Beyond Boundaries®*.

Beyond Boundaries® is not just about transcending geographical barriers, it is also about removing the boundaries of our minds and overcoming all obstacles that stand in our way – whilst upholding our core values of being HONOURABLE, VIBRANT, UNSHAKEABLE and PIONEERING.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Third Annual General Meeting of the Company will be held at the UMW Auditorium, **UMW Holdings Berhad**, No. 3, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, on Thursday, 28 May 2015 at 10.00 a.m. for the following purposes –

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.

Please refer to Explanatory Note A

2. To re-elect the following Directors who are retiring pursuant to Article 123 of the Company's Articles of Association –

- (a) Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani
- (b) Dato' Siow Kim Lun @ Siow Kim Lin
- (c) Khalid bin Sufat

Please refer to Explanatory Note B

Resolution 1
Resolution 2
Resolution 3

3. To approve the following Directors' fees –

- (a) Payment of Directors' fees amounting to RM1,000,000 for the financial year ended 31 December 2014.
- (b) Increase in Directors' fees to RM1,350,000 in respect of the financial year ending 31 December 2015, to be paid in a manner to be determined by the Board.

Please refer to Explanatory Note C

Resolution 4

Resolution 5

4. To re-appoint Messrs. Ernst & Young, as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Board of Directors to fix their remuneration.

Resolution 6

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications –

5. Re-appointment of Tan Sri Asmat bin Kamaludin as Director of the Company in accordance with Section 129(6) of the Companies Act, 1965

Resolution 7

"THAT Tan Sri Asmat bin Kamaludin, a Non-Independent Non-Executive Director, who retires pursuant to Section 129(2) of the Companies Act, 1965, be re-appointed as Director of the Company in accordance with Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting of the Company."

Please refer to Explanatory Note D

6. Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Resolution 8

"THAT the mandate granted by the shareholders of the Company on 19 June 2014 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), authorising the Company and its subsidiaries ("the UMW Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3 (b) of the Circular to Shareholders dated 6 May 2015 ("the Circular"), which are necessary for the UMW Group's day-to-day operations, be renewed, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by such renewed mandate shall continue to be in force and effect until –

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (b) the expiration of the period within which the next AGM is required to be held, pursuant to Section 143(1) of the Companies Act, 1965, (but shall not extend to any extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

THAT the Directors of the Company be authorised to complete and do such acts and things as they may think expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Shareholders’ Mandate.”

Please refer to Explanatory Note E

- 7. To transact any other business for which due notice has been received.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Thirty-Third AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 75(a) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 21 May 2015. Only a depositor whose name appears on the Record of Depositors as at 21 May 2015 shall be entitled to attend the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

By Order of the Board



FADZILAH BINTI SAMION
Secretary (MACS 01262)

6 May 2015
Shah Alam, Selangor Darul Ehsan.

NOTICE OF ANNUAL GENERAL MEETING

Notes

Proxy and/or Authorised Representatives

- (a) A member entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies in his/her stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- (b) A member may appoint any person to be his/her proxy without restriction to the proxy's qualification and the provisions of Section 149(1)(a)(b) of the Companies Act, 1965 shall not apply to the Company.
- (c) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (d) The proxy form must be signed by the appointer or his/her attorney or in the case of a corporation, executed under its common seal or under the hand of the attorney duly authorised in writing.
- (e) All proxy forms must be deposited at the Registered Office of the Company at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Explanatory Notes

(1) Explanatory Note A

The audited financial statements are meant for discussion only as under the provision of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

(2) Explanatory Note B

Articles 123 and 125 provide that at every AGM, at least one-third (1/3) of the Directors for the time being, shall retire from office and shall be eligible for re-election.

Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani, Dato' Siow Kim Lun @ Siow Kim Lin and Khalid bin Sufat, are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

The Board agreed with the Nomination Committee's recommendation that all the above Directors are eligible to stand for re-election based on the results of their individual assessment.

(3) Explanatory Note C

The proposed increase in Directors' fees is to reflect the additional responsibilities of the Non-Executive Directors in tandem with the expansion and complexity of the Group's businesses, locally and abroad. In recent years, Directors' focus areas have expanded considerably requiring greater care, diligence and caution in discharging their duties.

(4) Explanatory Note D

Section 129(6) of the Companies Act, 1965 stipulates that a Director who has attained the age of 70 years or over the age of 70 years may be appointed or re-appointed as a Director of the Company by a resolution duly passed by a majority of not less than three-fourths (3/4) of such members of the Company as being entitled to vote in person or by proxy. Such Director will hold the office until the conclusion of the next AGM.

Tan Sri Asmat bin Kamaludin, is standing for re-appointment as Director of the Company and being eligible, has offered himself for re-appointment at this AGM.

The Board agreed with the Nomination Committee's recommendation that Tan Sri Asmat is eligible to stand for re-appointment based on the results of his individual assessment.

(5) Explanatory Note E

The Board proposes to renew the mandate granted by the shareholders of the Company at the AGM of the Company held on 19 June 2014. The Proposed Shareholders' Mandate will enable the UMW Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the UMW Group, involving related parties, as detailed in the Circular to Shareholders dated 6 May 2015.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of Directors seeking re-election/re-appointment as mentioned in the Notice of Annual General Meeting are set out in the Directors' Profile on pages 10 to 18 of the annual report.

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED/ENDING	31 DEC 2014	31 DEC 2015
Announcement Of Results		
First Quarter	23 May 2014	May 2015
Second Quarter	27 Aug 2014	Aug 2015
Third Quarter	26 Nov 2014	Nov 2015
Fourth Quarter	26 Feb 2015	Feb 2016
Issuance Of Annual Report And Audited Financial Statements	27 May 2014	6 May 2015
Annual General Meeting	19 June 2014	28 May 2015
Dividends		
Interim		
- Declaration	27 Aug 2014	
- Payment	8 Oct 2014	
Second Interim		
- Declaration	26 Nov 2014	
- Payment	20 Jan 2015	
Third Interim		
- Declaration	26 Feb 2015	
- Payment	24 Apr 2015	

SUMMARY OF GROUP RESULTS

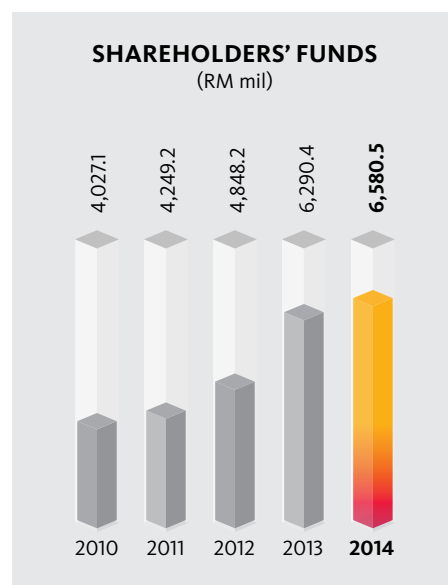
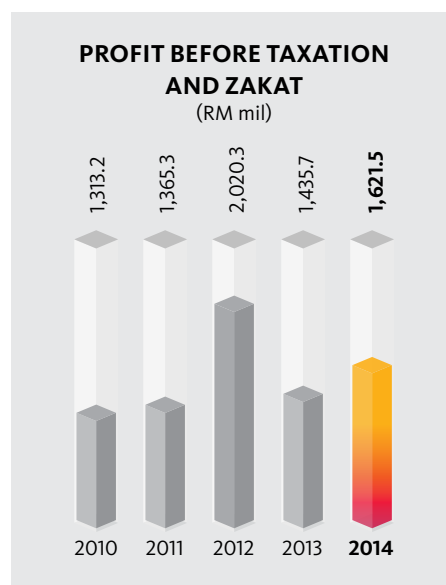
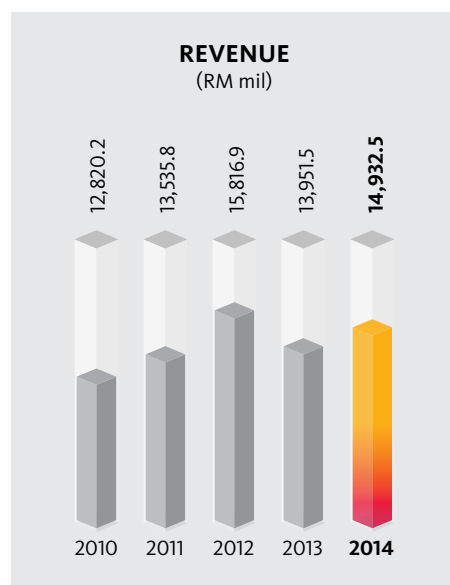
YEAR ENDED 31 DECEMBER 2014		2014	2013
Revenue	RM'000	14,932,490	13,951,460
Profit Before Taxation	RM'000	1,621,460	1,435,673
Profit For The Financial Year	RM'000	1,213,005	1,084,212
Share Capital	RM'000	584,147	584,147
Reserves	RM'000	5,996,315	5,706,220
Basic Earnings Per Share	Sen	55.8	55.9
Dividend Per Share			
- Gross	Sen	41	44
- Net	Sen	41	44
Net Assets Per Share	RM	5.63	5.39

FIVE-YEAR GROUP SUMMARY RESULTS

YEAR ENDED 31 DECEMBER		2010	2011 [#]	2012 [*]	2013	2014
OPERATING RESULTS						
Revenue	RM million	12,820.2	13,535.8	15,816.9	13,951.5	14,932.5
Profit Before Taxation And Zakat	RM million	1,313.2	1,365.3	2,020.3	1,435.7	1,621.5
Profit For The Financial Year	RM million	972.8	953.3	1,588.8	1,084.2	1,213.0
Profit Attributable To Equity Holders Of The Company	RM million	526.9	485.8	994.3	652.9	652.0
OTHER KEY FINANCIAL POSITION						
Shareholders' Funds	RM million	4,027.1	4,249.2	4,848.2	6,290.4	6,580.5
Total Assets	RM million	10,023.8	10,541.0	11,491.1	14,595.2	16,519.7
Total Liabilities	RM million	4,756.8	4,962.9	5,192.7	5,662.6	7,086.6
SHARE INFORMATION						
Per Share						
- Earnings (Basic)	Sen	46.3	41.6	85.1	55.9	55.8
- Gross Dividend	Sen	30.0	31.0	50.0	44.0	41.0
- Net Asset Per Share	RM	3.49	3.64	4.15	5.39	5.63
Share Price Information						
- Share Price At Year End	RM	7.02	7.00	11.94	12.06	10.96
- Market Capitalisation As At Year End	RM million	8,096.9	8,178.1	13,949.5	14,089.7	12,804.5
FINANCIAL RATIOS						
Return On Shareholders' Funds	%	13.5	11.7	21.9	11.7	10.1
Return On Total Assets	%	13.1	13.0	17.6	9.8	9.8
Debt Equity Ratio	%	50.9	42.6	43.0	33.5	44.4
Dividend Rate - Gross	%	60.0	62.0	100.0	88.0	82.0
Dividend Yield	%	4.55	4.37	5.79	3.35	3.60
Dividend Payout Ratio	%	75.8	75.2	58.8	78.7	76.1

[#] The Group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income have been adjusted in accordance with MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards.

^{*} The Group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income have been adjusted in accordance with MFRS 11 : Joint Arrangements.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Group Chairman

TAN SRI ASMAT BIN KAMALUDIN

Non-Independent

Non-Executive Director

President & Group CEO

DATUK SYED HISHAM

BIN SYED WAZIR

Non-Independent

Executive Director

Directors

DR. LEONG CHIK WENG

Non-Independent

Non-Executive Director

DATUK DR. NIK NORZRUL THANI

BIN N.HASSAN THANI

Non-Independent

Non-Executive Director

DATO' SIOW KIM LUN @

SIOW KIM LIN

Senior Independent

Non-Executive Director

DATO' MOHD. NIZAM

BIN ZAINORDIN

Non-Independent

Non-Executive Director

KHALID BIN SUFAT

Independent

Non-Executive Director

ROHAYA BINTI

MOHAMMAD YUSOF

Non-Independent

Non-Executive Director

TAN SRI HASMAH

BINTI ABDULLAH

Independent

Non-Executive Director

BOARD COMMITTEES

AUDIT COMMITTEE

Dato' Siow Kim Lun (Chairman)

Dato' Mohd. Nizam bin Zainordin

Khalid bin Sufat

Tan Sri Hasmah binti Abdullah

NOMINATION COMMITTEE

Dato' Siow Kim Lun (Chairman)

Dr. Leong Chik Weng

Khalid bin Sufat

REMUNERATION COMMITTEE

Khalid bin Sufat (Chairman)

Dr. Leong Chik Weng

Datuk Dr. Nik Norzrul Thani bin

N.Hassan Thani

INVESTMENT & RISK

MANAGEMENT COMMITTEE

Dr. Leong Chik Weng (Chairman)

Dato' Mohd. Nizam bin Zainordin

Dato' Siow Kim Lun

Datuk Syed Hisham bin Syed Wazir

Tan Sri Hasmah binti Abdullah

WHISTLE-BLOWING COMMITTEE

Tan Sri Hasmah binti Abdullah (Chairman)

Dato' Siow Kim Lun

Dato' Mohd. Nizam bin Zainordin

Khalid bin Sufat

GROUP SECRETARY

Fadzilah binti Samion (MACS 01262)

REGISTERED OFFICE

UMW Holdings Berhad (090278-P)

3rd Floor, The Corporate,

No. 10, Jalan Utas (15/7),

Batu Tiga Industrial Estate,

40200 Shah Alam,

Selangor Darul Ehsan,

Malaysia.

Telephone : (603) 5163 5000

Facsimile : (603) 5519 3890

REGISTRARS

Securities Services (Holdings)

Sdn. Bhd. (36869-T)

Level 7, Menara Milenium,

Jalan Damanlela,

Pusat Bandar Damansara,

50490 Kuala Lumpur,

Malaysia.

Telephone: (603) 2084 9000

Facsimile : (603) 2094 9940

AUDITORS

Ernst & Young (AF 0039)

Level 23A, Menara Milenium,

Jalan Damanlela,

Pusat Bandar Damansara,

50490 Kuala Lumpur,

Malaysia.

Telephone: (603) 7495 8000

Facsimile : (603) 2095 5332

PRINCIPAL BANKERS

Malayan Banking Berhad Group

Affin Bank Berhad

CIMB Bank Berhad

Deutsche Bank Group

Bank of China

Standard Chartered Bank Group

STOCK EXCHANGE

Main Market of Bursa Malaysia

Securities Berhad

Stock Name : UMW

Stock Code : 4588

WEBSITE

www.umw.com.my



BOARD OF DIRECTORS

1	2	5	6
3	4	7	8
		9	10

1. Tan Sri Asmat bin Kamaludin
2. Dr. Leong Chik Weng
3. Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani
4. Dato' Siow Kim Lun
5. Datuk Syed Hisham bin Syed Wazir
6. Dato' Mohd. Nizam bin Zainordin
7. Khalid bin Sufat
8. Rohaya binti Mohammad Yusof
9. Tan Sri Hasmah binti Abdullah
10. Fadzilah binti Samion (Group Secretary)



TAN SRI ASMAT BIN KAMALUDIN

Age 71, Malaysian

- Group Chairman,
Non-Independent
Non-Executive Director

QUALIFICATIONS

- Bachelor of Arts (Hons.) in Economics, University of Malaya
- Diploma in European Economic Integration, University of Amsterdam, Netherlands

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 20 February 2001 (Group Chairman)

DATE OF LAST RE-APPOINTMENT

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- Tan Sri Asmat bin Kamaludin had a distinguished career with the Ministry of International Trade and Industry, Malaysia (“MITI”) spanning over 35 years, culminating with his retirement as Secretary-General in January 2001. Between 1973 and 1976, he had served as Senior Economic Counsellor for Malaysia in Brussels and worked with several international bodies such as the Association of South-East Asian Nations, World Trade Organisation and Asia-Pacific Economic Cooperation, representing Malaysia in relevant negotiations and agreements. He was also actively involved in several national organisations such as Johor Corporation, Small and Medium Scale Industries Development Corporation and Malaysia External Trade

Development Corporation. In 2008, Tan Sri Asmat was appointed by MITI to represent Malaysia as Governor on the Governing Board of the Economic Research Institute for Asean and East Asia. He also serves on the board of the Japan Chamber of Trade and Industry in Malaysia Foundation. On 11 November 2014, Tan Sri Asmat was conferred with the prestigious “Order of the Rising Sun, Gold and Silver Star” award by the Government of Japan, in recognition of his contributions in the strengthening of economic relations and the promotion of mutual understanding between Japan and Malaysia.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- AirAsia X Berhad
- Compugates Holdings Berhad
- Panasonic Manufacturing Malaysia Berhad
- Permodalan Nasional Berhad
- The Royal Bank of Scotland Berhad
- UMW Oil & Gas Corporation Berhad
- YTL Cement Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- 18,000 shares (indirect holding) in UMW Holdings Berhad
- 304,000 shares (indirect holding) in UMW Oil & Gas Corporation Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 12 out of 13 Board meetings held



QUALIFICATIONS

- Master in Business Administration, Ohio State University, USA
- Bachelor of Science in Mechanical Engineering, Plymouth University, UK
- Ordinary National Diploma in Engineering, Hastings College of Further Education, UK

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of the Institute of Motor Industry, UK
- Member of Beta Gamma Sigma of Ohio University
- Member of the Ohio University Alumni Society in Malaysia

DATE APPOINTED TO THE BOARD

- 1 October 2010 (President & Group CEO)

DATE OF LAST RE-ELECTION

- 27 June 2013

WORKING EXPERIENCE AND OCCUPATION

- Datuk Syed Hisham bin Syed Wazir has had vast exposure in the motor industry at senior management level. Prior to joining UMW, he was the Chief Operating Officer of Naza Kia Sdn. Bhd. and Naza Kia Services Sdn. Bhd. from 2009 to 2010. Datuk Syed Hisham started his career in the automotive field in 1983, when he joined HICOM Berhad and was later seconded to Perusahaan Otomobil Nasional Berhad ("PROTON") as Marketing Service Deputy Manager, before serving the Business Division of the company as Senior Manager.

He was promoted to General Manager of Proton Corporation Sdn. Bhd., a subsidiary of PROTON, engaged in the distribution and marketing of PROTON cars for the domestic and overseas markets. Datuk Syed Hisham was subsequently appointed as Director of Proton Cars (UK) Pte. Ltd. from 1997 to 1998, and from 1998 to 2000, he served as General Manager, International Business of DRB-HICOM Export Corporations Sdn. Bhd. In 2001, he became General Manager, Marketing Division of Honda Malaysia Sdn. Bhd. before being appointed as President/Chief Operating Officer from 2003 to 2005. In 2005, he was appointed Managing Director of Edaran Otomobil Nasional Berhad, where he served until 2009.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- UMW Oil & Gas Corporation Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- 450,000 shares in UMW Oil & Gas Corporation Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

DATUK SYED HISHAM BIN SYED WAZIR

Age 60, Malaysian

- *President & Group CEO*
- *Non-Independent Executive Director*
- *Member of Investment & Risk Management Committee*



DR. LEONG CHIK WENG

Age 52, Malaysian

- Non-Independent
Non-Executive Director
- Chairman of Investment &
Risk Management Committee
- Member of Nomination
Committee
- Member of Remuneration
Committee

QUALIFICATIONS

- Ph.D in Chemical Engineering, University of Massachusetts, USA
- Bachelor of Science in Chemical Engineering, West Virginia University, USA
- Executive Training in Product Development & Manufacturing Strategy, Stanford University School of Business, USA

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 29 November 2007

DATE OF LAST RE-ELECTION

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- After graduation, Dr. Leong Chik Weng joined Raychem Corporation in Menlo Park, California, USA, from 1989 to 1996, where he was subsequently promoted as Technical Director. In 1997, he was appointed Consultant to Guidant Corporation, Santa Clara, California, USA, one of the world's largest cardiovascular product companies, where he developed an

advanced chaotic mixing screw technology to produce micro-tubing using polymer alloys. Dr. Leong later joined Universal Search Machine Sdn. Bhd. as Managing Director from 1998 to 2000. He is also the founder and currently the Chief Executive Officer of e-Lock Corporation Sdn. Bhd., a company involved in the provision of information technology services.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- A-Rank Berhad
- Chemical Company of Malaysia Berhad
- UMW Oil & Gas Corporation Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held



QUALIFICATIONS

- Ph.D in Law, School of Oriental and African Studies, University of London, UK
- Masters in Law, Queen Mary College, University of London, UK
- LL.B (Hons.), University of Buckingham, UK
- Post-Graduate Diploma in Syariah Law and Practice (with Distinction), International Islamic University Malaysia

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of the Financial Services Institute of Australasia

DATE APPOINTED TO THE BOARD

- 13 August 2008

DATE OF LAST RE-ELECTION

- 21 June 2012

WORKING EXPERIENCE AND OCCUPATION

- Currently, Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani is the Chairman and Senior Partner of Zaid Ibrahim & Co., the largest law firm in Malaysia. Prior to joining Zaid Ibrahim & Co., he was with Baker & McKenzie (International Lawyers), Singapore. Datuk Dr. Nik Norzrul is a Barrister at Law, Lincoln's Inn and an Advocate & Solicitor of the High Court

of Malaya. He was called to the Bar of England and Wales in 1985 and to the Malaysian Bar in 1986. He was a Visiting Fulbright Scholar, Harvard Law School and Chevening Visiting Fellow at the Oxford Centre of Islamic Studies, Oxford University. He was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
- Fraser & Neave Holdings Berhad
- Manulife Holdings Berhad
- Manulife Insurance Berhad
- MSIG Insurance (Malaysia) Berhad
- Tanjung Offshore Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- 75,000 shares in UMW Oil & Gas Corporation Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

DATUK DR. NIK NORZRUL THANI BIN N.HASSAN THANI

Age 54, Malaysian

- *Non-Independent Non-Executive Director*
- *Member of Remuneration Committee*



DATO' SIOW KIM LUN

Age 64, Malaysian

- Senior Independent Non-Executive Director
- Chairman of Audit Committee
- Chairman of Nomination Committee
- Member of Investment & Risk Management Committee
- Member of Whistle-Blowing Committee

QUALIFICATIONS

- Masters in Business Administration, Catholic University of Leuven, Belgium
- Bachelor of Economics (Hons.), Universiti Kebangsaan Malaysia
- Advanced Management Program, Harvard Business School, USA

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 10 July 2009

DATE OF LAST RE-ELECTION

- 21 June 2012

WORKING EXPERIENCE AND OCCUPATION

- Dato' Siow Kim Lun has considerable experience in investment banking and securities market regulation. He started his career in investment banking with Malaysian International Merchant Bankers in 1981 and had served as a Manager in its Corporate Finance Division. In 1985, he joined Permata Chartered Merchant Bank Berhad (now known as Affin Investment Bank Berhad) as Manager of Corporate Finance and subsequently became the Divisional Head

of its Corporate Finance Division. From 1993 to 2006, Dato' Siow was with the Securities Commission and had served as Director of its Issues & Investment Division (now known as Corporate Finance & Investment Division) and Director of its Market Supervision Division. Currently, Dato' Siow is also a Director of Kumpulan Wang Persaraan (Diperbadankan) and a Commission Member of Suruhanjaya Pengangkutan Awam Darat.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- Citibank Berhad
- Eco World International Berhad
- Eita Resources Berhad
- Hong Leong Assurance Berhad
- Sunway Construction Group Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- 100,000 shares in UMW Oil & Gas Corporation Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held



QUALIFICATIONS

- Executive Masters in Business Administration, Asian Institute of Management
- Association of Chartered Certified Accountants, UK

MEMBERSHIP OF ASSOCIATIONS

- Fellow of the Association of Chartered Certified Accountants, UK
- Member of the Malaysian Institute of Accountants
- Certified Financial Planner

DATE APPOINTED TO THE BOARD

- 13 August 2008

DATE OF LAST RE-ELECTION

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- Dato' Mohd. Nizam bin Zainordin has an extensive career in Finance spanning over 20 years. He was attached to several companies in the field of finance before joining Permodalan

Nasional Berhad ("PNB") in 1994 as Assistant Manager, Finance Department and had since then held various positions in PNB before assuming his present position as Chief Financial Officer.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- Lanjut Golf Berhad
- Pengurusan Pelaburan ASN Berhad
- Pengurusan Pelaburan ASW 2020 Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

DATO' MOHD. NIZAM BIN ZAINORDIN

Age 51, Malaysian

- *Non-Independent Non-Executive Director*
- *Member of Audit Committee*
- *Member of Investment & Risk Management Committee*
- *Member of Whistle-Blowing Committee*



KHALID BIN SUFAT

Age 59, Malaysian

- Independent Non-Executive Director
- Chairman of Remuneration Committee
- Member of Audit Committee
- Member of Nomination Committee
- Member of Whistle-Blowing Committee

QUALIFICATIONS

- Association of Chartered Certified Accountants, UK
- Malaysian Institute of Certified Public Accountants

MEMBERSHIP OF ASSOCIATIONS

- Fellow of Association of Chartered Certified Accountants, UK
- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants

DATE APPOINTED TO THE BOARD

- 1 September 2010

DATE OF LAST RE-ELECTION

- 27 June 2013

WORKING EXPERIENCE AND OCCUPATION

- Khalid bin Sufat, an accountant by profession, has considerable experience in the banking industry having held several senior positions, namely General Manager, Consumer Banking of Malayan Banking Berhad in 1994, Executive Director of United Merchant Finance Berhad from 1995 to 1998 and Managing Director

of Bank Kerjasama Rakyat Malaysia Berhad from 1998 to 2000. This experience has led him to become involved in the managing and restructuring of a number of public-listed companies. He became the Executive Director of Tronoh Mines Malaysia Berhad in 2002 and the Deputy Executive Chairman of Furqan Business Organisation Berhad in 2003 before being appointed as Group Managing Director of Seacera Tiles Berhad in mid-2006, a position he held until late 2007.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- Chemical Company of Malaysia Berhad
- Kuwait Finance House (Malaysia) Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 12 out of 13 Board meetings held



QUALIFICATIONS

- Bachelor of Commerce (Accountancy), Australian National University, Australia
- Certified Practising Accountant Australia (Associate)
- INSEAD Advanced Management Programme, France

MEMBERSHIP OF ASSOCIATIONS

- Member of Certified Public Accountants, Australia

DATE APPOINTED TO THE BOARD

- 1 July 2013

DATE OF LAST RE-ELECTION

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- Rohaya binti Mohammad Yusof began her career with Arthur Andersen & Co. as a Senior Financial Consultant for the Audit Division. In 1990, she joined Maybank Investment Bank Berhad (previously known as Aseambankers Malaysia Berhad) and was appointed Executive Vice President for Corporate Investment Banking in 2005. After acquiring 18 years' of experience in Maybank Investment Bank

Berhad in areas of Fixed Income, Equity and Corporate Finance, Rohaya joined the Employees Provident Fund ("EPF") in 2008 as Head of Corporate Finance. Subsequently, Rohaya was appointed the Head of the Capital Market Department in 2010 where she oversees domestic and global investment in loans and bonds. Her portfolio also includes monitoring External Fund Managers for Domestic and Global Fixed Income.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- Malaysian Resources Corporation Berhad
- PLUS Malaysia Berhad
- Projek Lebuh raya Usahasama Berhad
- Kuwasa Global (Jersey) Limited

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

ROHAYA BINTI MOHAMMAD YUSOF

Age 49, Malaysian

- *Non-Independent*

Non-Executive Director



TAN SRI HASMAH BINTI ABDULLAH

Age 64, Malaysian

- Independent Non-Executive Director
- Chairman of Whistle-Blowing Committee
- Member of Audit Committee
- Member of Investment & Risk Management Committee

QUALIFICATIONS

- Senior Management Development Programme, Harvard Business School
- Bachelor of Arts (Hons.), University of Malaya

MEMBERSHIP OF ASSOCIATIONS

- Fellow of the Chartered Tax Institute of Malaysia

DATE APPOINTED TO THE BOARD

- 2 September 2013

DATE OF LAST RE-ELECTION

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- Tan Sri Hasmah binti Abdullah had a distinguished career with the Inland Revenue Board ("IRB") spanning over 37 years. She was the former IRB Chief Executive Officer and Director General from 19 October 2006 to 7 January 2011. Tan Sri Hasmah has led the Malaysian delegation to several international conferences and also represented Malaysia on the Management Committee of the Commonwealth Association of Tax Administrators in London, UK for three (3) years from 2007 to 2009. Under her leadership at IRB, vast improvements and policy changes to the service delivery system

were introduced, in particular, refunds, which were made faster with the use of electronic filing. For the improvements and innovations that had impacted positively on the taxpaying public, the IRB was awarded the inaugural Prime Minister's Innovation Award in 2009. Tan Sri Hasmah was also a Tax Advisor to PricewaterhouseCoopers Taxation Services Sdn. Bhd. from 1 July 2011 to 30 September 2013. Currently, Tan Sri Hasmah is a Commission Member of Securities Commission Malaysia, a Trustee Board Member of the Malaysian Tax Research Foundation and Dana Amal Jariah, and since 6 December 2014, an Executive Council member of the Selangor and Federal Territory Association for the Mentally Handicapped.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- Panasonic Manufacturing Malaysia Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2015)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 11 out of 13 Board meetings held

None of the above Directors has –

- Any family relationship with any Director and/or major shareholder of the Company;
- Any conflict of interest with the Company; and
- Any convictions for offences within the past 10 years other than traffic offences.



AUTOMOTIVE



**MANUFACTURING
& ENGINEERING**



OIL & GAS



EQUIPMENT

MANAGEMENT COMMITTEE



**DATUK SYED
HISHAM BIN
SYED WAZIR**



**DATUK ISMET
BIN SUKI**



**BADRUL FEISAL BIN
ABDUL RAHIM**



**NIK JULIAH
BINTI
NIK JAAFAR**



**AZMIN BIN
CHE YUSOFF**



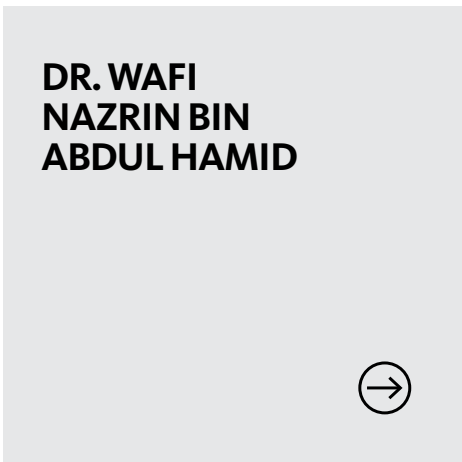
MANAGEMENT COMMITTEE



**ROHAIZAD
BIN DARUS**



**MEGAT SHAHRUL
AZMIR BIN
NORDIN**



**DR. WAFI
NAZRIN BIN
ABDUL HAMID**



**FA' IZAH BINTI
MOHAMED
AMIN**



LEE CHIN MIN



AWARDS & ACCOLADES

IN 2014



Toyota President's Gold Award 2013



*Putra Brand Awards –
Bronze in Automotive Category*



*Asian Auto Allianz Auto Industry Awards 2014 –
Best Value for Money Luxury Car (Lexus ES 250)*



*Gold Award – HR Excellence in Work Life
Balance Category*



*Graduan Brand Awards 2013 – Top 10 Most
Preferred Employers In Malaysia*



*MSWG-ASEAN Corporate Governance
Index, Findings and Recognition Industry
Excellence, Consumer Goods*

AWARDS & ACCOLADES

COMPANY NAME	AWARD RECEIVED
UMW Toyota Motor Sdn. Bhd.	Putra Brand Awards – Gold (Automotive)
	HR Excellence Award 2014 – Gold (Work Life Balance Category)
	Autoworld Car of the Year – Best Sub-Compact Passenger Car (Toyota Vios)
	Autoworld Car of the Year – Best Premium Compact Passenger Car (Lexus IS 250)
	Autoworld Car of the Year – Best Premium Mid-Sized Passenger Car (Lexus ES 250)
	Asian Auto Allianz Auto Industry Awards 2014 – Best Value for Money Luxury Car (Lexus ES 250)
Perusahaan Otomobil Kedua Sdn. Bhd. (PERODUA)	NST-Maybank Car of the Year Award – Car of the Year : Entry Level Compact Car category (PERODUA Axia)
	Putra Brand Awards – Bronze in Automotive Category
	Asian Auto Allianz Auto Industry Awards 2014 – Best Locally-Assembled Car (PERODUA Alza)
UMW Equipment Sdn. Bhd.	Parts Sales Best Performance Construction Equipment
UMW Industries (1985) Sdn. Bhd.	Toyota Material Handling International (“TMHI”) Award 2013 – Toyota President’s Gold Award
	Tenant APAC Export Distributor of The Year Award 2013 – Runner Up
	Tenant Outstanding Sales Performance 2013 – T7
UMW Equipment & Engineering Pte. Ltd.	TMHI Award 2013 – Toyota President’s Bronze Award
	TMHI Award 2013 – Outstanding Achievement Award for Best BT and Raymond Sales 2013
	Singapore 1000 Company Emerging 2014 Award – Highest achievement in the Quantitative Management of the Company
UMW Equipment Systems (Vietnam) Company Limited	TMHI Award 2013 – Outstanding Effort Award
UMW Oil & Gas Corporation Berhad	2013 Best IPO Deal In Southeast Asia
	Best IPO from The Oil & Gas Year Malaysia
UMW Synergistic Generation Sdn. Bhd.	Best International Contractor 2014
KYB-UMW Malaysia Sdn. Bhd.	Hong Leong Yamaha Top Vendor Award 2014
	Product Excellence Award – In compliance with the quality standards of Mitsubishi Motors Philippines Corporation and consistent delivery of high quality products
	1st UMWT-SPLD Service Parts Supplier Performance Award – Gold Award for Outstanding Performance in Quality Assurance Group B-UMW Toyota Motor
UMW Holdings Berhad	Graduan Brand Awards 2013 – Top 10 Most Preferred Employers In Malaysia
	PNB Value Creation Award
	MSWG-ASEAN Corporate Governance Index, Findings and Recognition 2014 Award – Industry Excellence, Consumer Goods

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) of the Board was established in 1992 with the primary objective of assisting the Board of UMW Holdings Berhad (“the Board”) in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls, risk management processes and financial reporting practices of the Group. The Board is pleased to present the report on the AC for the financial year ended 31 December 2014.

COMPOSITION AND MEMBERSHIP

The AC during the financial year ended 31 December 2014 comprised three (3) Independent and one (1) Non-Independent Directors as follows –

Dato’ Siow Kim Lun

Chairman/Senior Independent Non-Executive Director

Dato’ Mohd. Nizam bin Zainordin

Member/Non-Independent Non-Executive Director

Khalid bin Sufat

Member/Independent Non-Executive Director

Tan Sri Hasmah binti Abdullah

Member/Independent Non-Executive Director

Both Dato’ Mohd. Nizam and Khalid are Fellow Members of the Association of Chartered Certified Accountants, United Kingdom, and members of the Malaysian Institute of Accountants. Dato’ Mohd. Nizam is also a Certified Financial Planner, while Khalid is a member of the Malaysian Institute of Certified Public Accountants. The composition of the AC and the qualifications of members comply with Paragraph 15.09(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The term of office and the performance of the AC as a whole and its individual members are evaluated by the Board once in every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their Terms of Reference (“TOR”). Based on the last evaluation conducted in 2013, the Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities, in accordance with the TOR of the AC. The next evaluation will be conducted in 2016.

SUMMARY OF THE TERMS OF REFERENCE OF THE AC

The TOR of the AC continues to remain aligned with the MMLR, recommendations of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and relevant best practices. The TOR establishing the powers, duties and responsibilities of the AC has been incorporated in the Board Charter which is made available on the Company’s official website at www.umw.com.my

The key duties and responsibilities of the AC are as follows –

1. To consider and recommend the nomination and appointment or re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
2. To discuss with the external auditors before the audit commences, the nature and scope of the audit plan, and ensure co-ordination where more than one audit firm is involved.
3. To review the quarterly, half-yearly and annual financial statements for recommendation to the Board for approval, focusing particularly on –
 - changes in or implementation of major accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
4. To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary), and to review the external auditors’ management letter and management’s response.
5. To ensure that the Group Internal Audit Division (“GIAD”) is adequately resourced and has appropriate standing within the Group, and to review and approve the TOR of internal audit.
6. To review the GIAD’s annual audit plan and all reports generated by the GIAD and to issue instructions for further action to be taken by the GIAD, and provide general guidance to the GIAD.
7. To consider the major findings of internal investigations (by internal and external auditors) and management’s response.

AUDIT COMMITTEE REPORT

8. To review the adequacy and effectiveness of the Group's accounting procedures and policies, the adequacy and effectiveness of its risk management and internal control systems as well as the financial reporting standards of the Group.
9. To consider any related party transactions and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that may raise questions on management integrity.
10. To carry out any function defined by the Board.

MEETINGS AND ATTENDANCE

The AC meets five (5) times a year on a scheduled basis although additional meetings may be called for as and when necessary, by the Chairman of the AC.

The quorum for each meeting shall be three (3) members, the majority of whom must be independent Directors.

The AC held ten (10) meetings during the financial year ended 31 December 2014 as follows –

1. 18 February 2014
2. 25 February 2014
3. 16 April 2014
4. 22 April 2014
5. 21 May 2014
6. 12 June 2014
7. 22 August 2014
8. 3 October 2014
9. 18 November 2014
10. 19 November 2014

The attendance record of the AC members is as follows –

Members	No. of meetings attended
Dato' Siow Kim Lun	10 out of 10
Dato' Mohd. Nizam bin Zainordin	10 out of 10
Khalid bin Sufat	9 out of 10
Tan Sri Hasmah binti Abdullah	10 out of 10

The President & Group CEO attended all AC meetings to facilitate direct communication and to provide clarification on audit issues and operations of the Group. The Executive Director, Group Financial Services Division/Chief Financial Officer and the Head of GIAD or in his absence, his representative, also attended all AC meetings and presented their reports on financial results, audit and other matters for clarification, information and/or approval. The Group Secretary is the Secretary to the AC.

At the invitation of the AC, the Head of Group Compliance and relevant Senior Management responsible for the audit subjects, also attended the AC meetings to provide information and clarification required on specific issues arising from the relevant audit reports. Representatives of the external auditors were also invited to attend the AC meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the AC members on significant audit and accounting areas which they noted in the course of their audit. Time was also set aside for the external auditors to have private discussions with the AC without the presence of management to give opportunity to the external auditors to highlight areas of concern. During the financial year, two (2) private sessions were held between the AC and the external auditors.

The Chairman of the AC apprised the Board of the relevant issues raised by the internal and external auditors. The significant matters reserved for the Board's approval were tabled at the Board meetings. Minutes of each meeting of the AC are kept by the Secretary as evidence that the AC has discharged its functions, and are circulated to the Board at the next practicable Board meeting for notation.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

In line with the TOR of the AC, the following activities were carried out by the AC during the financial year ended 31 December 2014 –

1. Financial Reporting

- Reviewed and discussed –
 - Impact to the Group on changes to accounting policies and standards.
 - The Group's financial and foreign currency exposure.
 - Cost saving initiatives.

AUDIT COMMITTEE REPORT

- Reviewed and recommended to the Board –
 - Quarterly financial results and the related announcement to Bursa Securities.
 - Consolidated audited financial statements of the Company and the Group for the year ended 31 December 2013.
 - UMW Group's mid-term review and 2014 forecast.
 - Proposed dividend payment for the financial year.

2. Internal and External Audit

- Reviewed and discussed –
 - GIAD's annual audit plans and budget for 2015.
 - 2014 External Auditors' Audit Planning Memorandum.
 - Audit reports prepared by the GIAD.
 - Audit reports on Management Audit Committee ("MAC").
 - Internal audit and investigative reports prepared by the GIAD.
 - Monitor corrective actions taken by management on outstanding audit issues.
 - Assess the effectiveness of the audit process, resource requirements, performance and efficiency of the GIAD.
 - Status of annual audit reports and management letter on issues raised by the external auditors.
 - Issues relating to audit issues raised via private sessions between the AC members and external auditors.
 - Results of the Quality Assessment performed on the GIAD by the Institute of Internal Auditors Malaysia.
- Reviewed and recommended to the Board –
 - Re-appointment and audit fees of the external auditors for the financial year 2014.
 - Enhancements to the UMW Group's practices in compliance with all laws, rules and regulations, directives and guidelines imposed by relevant regulatory bodies.

3. Related Party Transactions

- Reviewed and discussed –
 - Recurrent Related Party Transactions ("RRPTs") entered into by the UMW Group with related parties in accordance with the shareholders' mandate obtained.
- Reviewed and recommended to the Board –
 - Related Party Transactions entered into by the UMW Group with related parties.
 - Circular to Shareholders relating to renewal of shareholders' mandate for existing RRPTs of a revenue or trading nature.

4. Internal Control

- Reviewed and discussed –
 - Updates on corporate governance, statutory and regulatory requirements, compliance with accounting standards and other business guidelines.
 - Report on the activities of the Group Compliance Department on the Group's compliance activities.
 - Report on Risk Control Self-Assessment Programme Development.
- Reviewed and recommended to the Board –
 - Statement on Risk Management and Internal Control.
 - Major policy updates and revisions to the Internal Audit Charter, UMW Group Financial Limits of Authority Guidelines and Terms of Reference of the Tender Committee.
 - Statement on Corporate Governance, Statement on Risk Management and Internal Control, and AC Report prior to their inclusion in the Company's annual report.

5. Other Activities

- Reviewed and discussed –
 - Selected project review reports and to ensure their progress as per agreed timelines, i.e., Goods and Service Tax Readiness Project, Transfer Pricing Exercise and Group Financial Services Division's IT Project.

AUDIT COMMITTEE REPORT

- Financial assistance status of the Group.
 - Action plans in relation to the special review audit on certain companies within the UMW Group.
 - Proposals on write-off/write-down from within the UMW Group.
- Reviewed and recommended to the Board –
- Action plans in relation to the special review audit on certain companies within the UMW Group.
 - Ad-hoc and special assignments requested by the Board.

INTERNAL AUDIT FUNCTION AND ACTIVITIES

The Group has an in-house internal audit function which is carried out by the GIAD, which is independent of business operations and has a group-wide mandate set out in its Audit Charter. GIAD provides the Board, through the AC, with reasonable assurance of the adequacy and effectiveness of the risk management and internal control system, and governance processes in the Group.

The GIAD carries out its functions in accordance with an annual internal audit plan approved each year by the AC. It performs routine audit and reviews on all operating units within the UMW Group with emphasis on principal risk areas, which are audited annually. The GIAD also carries out investigative audit as and when required. GIAD reports directly to the AC on major findings and any significant control issues and concerns. The Head of the GIAD, or in his absence, his representative, attends all AC meetings.

The GIAD also highlights to the MAC, audit findings which require follow-up action as well as outstanding audit issues which require corrective action by management. The MAC reviews the reports of the GIAD and external auditors for the purpose of assessing the adequacy and integrity of the system of internal control of the Group.

The GIAD works collaboratively with the Group Risk Management Division of the Group, to review and assess the adequacy and effectiveness of the risk governance framework and risk management processes of the Group.

The activities of the internal audit function during the year under review are as follows –

1. Conducted scheduled and special internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary.
2. Reviewed the system of internal controls and key operating processes based on the approved annual plan by adopting a risk-based approach and recommended improvements to the existing system of controls.
3. Presented the GIAD's reports, which include audit findings, audit recommendations and management's response and also recommended corrective measures proposed by the internal auditors to the AC.
4. Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
5. Conducted review on RRPTs.
6. Carried out investigative reports/special reviews requested by the AC or MAC.
7. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.
8. Developed the 2015 GIAD's annual audit plans.

During the financial year ended 31 December 2014, the total cost incurred by the GIAD in discharging its internal audit functions and responsibilities was RM8,294,477 (2013: RM8,290,760). All internal audit functions during the financial year were conducted by the GIAD and there were no areas of the internal audit function which were outsourced.

This AC Report is made in accordance with the resolution of the Board of Directors dated 15 April 2015.

UMW GROUP STRUCTURE

AS AT 31 MARCH 2015

UMW CORPORATION SDN. BHD. (100%) (009825-V)

AUTOMOTIVE

UMW Toyota Motor Sdn. Bhd.

- Assembly Services Sdn. Bhd.
- Automotive Industries Sendirian Berhad
- Toyota Boshoku UMW Sdn. Bhd.

Otomobil Sejahtera Sdn. Bhd.

UMW Toyotsu Motors Sdn. Bhd.

Perusahaan Otomobil Kedua Sdn. Bhd.

- Perodua Sales Sdn. Bhd.
- Perodua Auto Corporation Sdn. Bhd.
- Perodua Manufacturing Sdn. Bhd.
- Perodua Engine Manufacturing Sdn. Bhd.
- Perodua Global Manufacturing Sdn. Bhd.

OIL & GAS

UMW Fabritech Sdn. Bhd.

UMW Oilfield International (M) Sdn. Bhd.

UMW Synergistic Generation Sdn. Bhd.

- UMW SG Power Systems Sdn. Bhd.
- UMW SG Engineering & Services Sdn. Bhd.

EQUIPMENT

UMW Equipment Sdn. Bhd.

UMW (East Malaysia) Sdn. Bhd.

UMW Niugini Limited, Papua New Guinea

UMW Machinery Limited, Myanmar

UMW Engineering Services Limited, Myanmar

UMW Industries (1985) Sdn. Bhd.

UMW Industrial Power Sdn. Bhd.

UMW Equipment & Engineering Pte. Ltd., Singapore

UMW Equipment Systems Pte. Ltd., Singapore

- UMW Equipment Systems (Vietnam)
Company Limited, Vietnam

UMW Industrial Trading (Shanghai) Co., Ltd., China

UMW Industrial Equipment (Shanghai) Co., Ltd., China

Vision Fleet Equipment Leasing (Shanghai) Co., Ltd., China

MANUFACTURING & ENGINEERING

UMW M&E Sdn. Bhd.

- Lubetech Sdn. Bhd.
- UMW Pennzoil Distributors Sdn. Bhd.
- UMW Grantt International Sdn. Bhd.
- PT UMW International
- PT Pusaka Bersatu

UMW Advantech Sdn. Bhd.

KYB-UMW Malaysia Sdn. Bhd.

- KYB-UMW Steering Malaysia Sdn. Bhd.

UMW Lubricant International Sdn. Bhd.

Lubritech International Holdings Limited, Hong Kong

- Lubritech Limited, China

MK Autocomponents Limited

- Sathya Auto Private Limited, India
- Castwel Auto Parts Private Limited, India

MK Automotive Industries Limited

- UMW Dongshin Motech Private Limited, India

UMW M&E Limited

OTHERS

Toyota Capital Malaysia Sdn. Bhd.

- Seabanc Kredit Sdn. Bhd.
- Toyota Capital Acceptance Malaysia
Sdn. Bhd.
- Toyota Lease Malaysia Sdn. Bhd.

U-TravelWide Sdn. Bhd.

UMW Development Sdn. Bhd.

UMW Technology Sdn. Bhd.



UMW

UMW HOLDINGS BERHAD
(090278-P)

UMW GROUP STRUCTURE

UMW PETROPIPE (L) LTD. (100%) (LL 03753)

UMW AUSTRALIA VENTURES (L) LTD.(100%) (LL 06487)

OIL & GAS

PFP Holdings Pty. Ltd., Australia

- PFP (Aust) Holdings Pty. Ltd., Australia
- PFP (Aust) Pty. Ltd., Australia
- PFP Singapore Pte. Ltd., Singapore
- PFP (Shenzhen) Piping Materials Co., Ltd., China
- PFP Taiwan Co., Ltd., Taiwan
- PFP (Malaysia) Sdn. Bhd.
- Australasia Piping Products Pty. Ltd., Australia

OIL & GAS

UMW China Ventures (L) Ltd.

- WSP Holdings Limited, Cayman Islands
- First Space Holdings Limited, British Virgin Islands
- Wuxi Seamless Oil Pipe Co., Ltd., China

UMW Linepipe (L) Ltd.

- Shanghai BSW Petro-Pipe Co., Ltd., China

UMW ACE (BVI) Ltd., British Virgin Islands

- Zhongyou BSS (Qinhuangdao) Petropipe Co., Ltd., China

Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd., China

- Jiangsu Tube-Cote Shuguang Coating Co., Ltd., China
- Xi'an Changqing Tube-Cote Petroleum Pipe Coating Co., Ltd., China
- Tianjin Tube Cote Petroleum Pipe Coating Co., Ltd., China
- Tangrong Tube-Cote (Sanxi) Pipe Coating Co., Ltd., China

UMW Coating Technologies (Tianjin) Co., Ltd., China

Sichuan Haihua Petroleum Steelpipe Co., Ltd., China

UMW Offshore Investment (L) Ltd.

UMW Oilfield International (L) Ltd.

- Tubulars International Pte. Ltd., Singapore
- TPCO Pan Asia Pte. Ltd., Singapore

Vina Offshore Holdings Pte. Ltd., Singapore

- UMW Helmsion Engineering Pte. Ltd., Singapore

UMW Marine And Offshore Pte. Ltd., Singapore

UMW India Ventures (L) Ltd.

- UMW Sher (L) Ltd.
- Jaybee Drilling Private Limited, India
- United Seamless Tubular Private Limited, India

UMW OIL & GAS CORPORATION BERHAD (55.72%) (878786-H)

UMW OIL & GAS BERHAD (100%) (798108-A)

OIL & GAS

UMW Australia Ventures Sdn. Bhd.

UMW Middle East Ventures Holding W.L.L., Bahrain

- Arabian Drilling Services L.L.C., Oman

OIL & GAS

UMW JDC Drilling Sdn. Bhd.

UMW Rig Asset (L) Ltd.

- UMW Drilling Co. Ltd.
- UMW Drilling 2 (L) Ltd.
(formerly known as UMW Naga Two (L) Ltd.)
- UMW Standard 1 Pte. Ltd., Singapore
- UMW Drilling 3 (L) Ltd.
(formerly known as UMW Naga Three (L) Ltd.)
- UMW Standard 3 Pte. Ltd., Singapore
- UMW Drilling 4 (L) Ltd.
- Offshore Driller B324 Ltd.
- Offshore Driller 4 Ltd.
- UMW Drilling 5 (L) Ltd.
- UMW Drilling 6 (L) Ltd.
- UMW Drilling 7 (L) Ltd.
- UMW Drilling 8 (L) Ltd.

UMW Malaysian Ventures Sdn. Bhd.

- UMW Offshore Drilling Sdn. Bhd.
- UMW Drilling Academy Sdn. Bhd.
- UMW Workover Sdn. Bhd.
- UMW Oilpipe Services Sdn. Bhd.
- Oil-Tex (Thailand) Company Limited, Thailand
- UOT (Thailand) Limited, Thailand
- UMW Oilpipe Services (Turkmenistan) Ltd., Turkmenistan

UMW Singapore Ventures Pte. Ltd., Singapore

- UMW Oilfield Services (Tianjin) Co., Limited, China

Note:

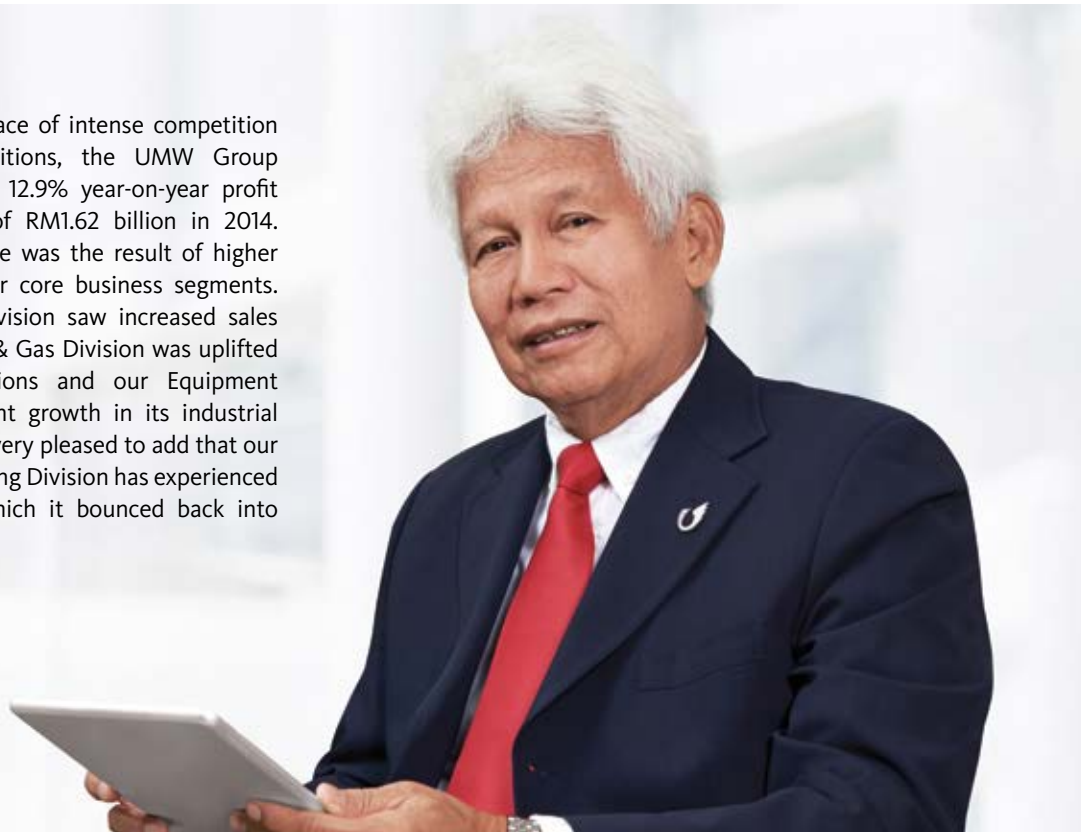
Companies in italics are associated companies of the Group

CHAIRMAN'S STATEMENT

Dear Shareholders,

Remaining sturdy in the face of intense competition and tough market conditions, the UMW Group succeeded in achieving a 12.9% year-on-year profit before taxation (“PBT”) of RM1.62 billion in 2014. This improved performance was the result of higher contributions from all four core business segments. While the Automotive Division saw increased sales of Toyota models, the Oil & Gas Division was uplifted by enhanced rig operations and our Equipment Division enjoyed significant growth in its industrial equipment segment. I am very pleased to add that our Manufacturing & Engineering Division has experienced a positive year during which it bounced back into profitability.

ASMAT BIN KAMALUDIN
Group Chairman



FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014 (“FY2014”), the UMW Group registered a PBT of RM1.62 billion and net profit attributable to equity holders of RM652.0 million, on the back of RM14.9 billion revenue.

Driven by higher sales of Toyota vehicles, the Automotive Division achieved a 4.4% increase in PBT. Our Equipment Division registered an 11.4% increase in PBT due mainly to improved sales in the industrial equipment segment. After registering a loss in 2013, the Manufacturing & Equipment Division managed to turn around its performance to achieve a profit of RM14.8 million in 2014. With a bigger fleet of jack-up rigs, UMW Oil & Gas Corporation Berhad recorded its highest-ever full year PBT of RM284.2 million in 2014.

DIVISION HIGHLIGHTS

Automotive

The stable employment market and the launch of more than 50 new models from various carmakers saw total industry volume (“TIV”) improving to 666,465 units in 2014 from 655,793 units recorded in 2013. Standing strong against stiff competition, UMW Toyota Motor

Sdn. Bhd. (“UMW Toyota Motor”) managed to increase its market share from 14.1% in 2013 to 15.6% in 2014, with a total of 103,635 units of Toyota and Lexus vehicles sold.

Despite market share gains made by non-National carmakers during the year, PERODUA maintained its No.1 overall position in the Automotive Industry for the ninth consecutive year. This was contributed in part by the strong sales of the newly-launched PERODUA Axia, Malaysia’s first energy-efficient vehicle in the fourth quarter of the year.



Launch of the all-new Toyota Corolla Altis

CHAIRMAN'S STATEMENT

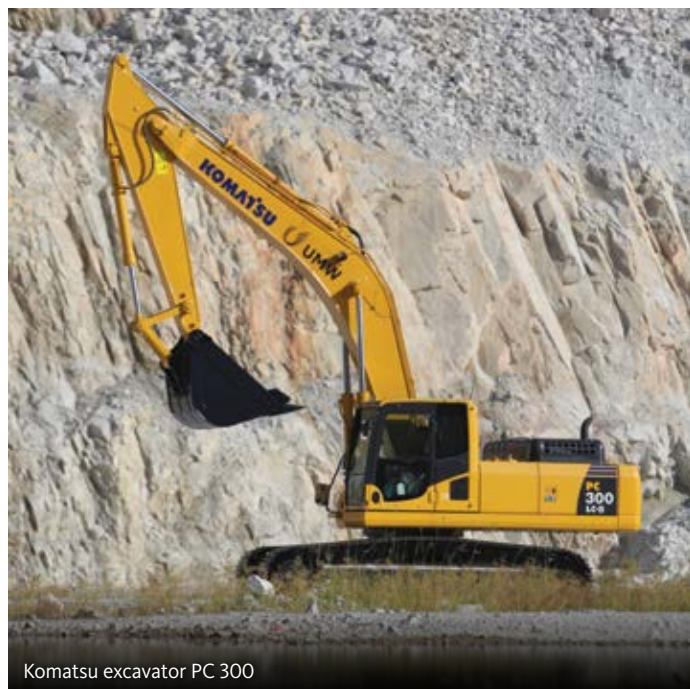


Unveiling of the PERODUA Axia

Equipment

The Equipment Division performed well in 2014 despite the continued drop in commodity prices. The division recorded a 3.6% increase in revenue from the previous year, driven by improved sales in the industrial equipment segment, especially in the overseas operations.

In tandem with the increase in revenue, the Equipment Division recorded an increase in PBT from RM195.8 million to RM218.2 million, an improvement of 11.4% over 2013.



Komatsu excavator PC 300

Oil & Gas

For the FY2014, UMW Oil & Gas Corporation Berhad registered an increase in revenue and PBT of 37.6% and 37.4%, respectively, compared to 2013.

The improved performance was attributable to additional contributions from UMW NAGA 5 and UMW NAGA 6, which commenced operations in May and October 2014, respectively, improved operating efficiency and favourable time charter rates recorded by both UMW NAGA 2 and UMW NAGA 3, a full-year contribution by UMW NAGA 4, additional revenue contributions from UMW GAIT 6 which commenced operations in August 2014, and higher utilisation rate of UMW GAIT 3. Higher profit contribution from the Oilfield Services segment, as well as translation gains from the appreciation of the US Dollar against the Malaysian Ringgit, also had a positive impact on the year's results.



UMW NAGA 5 – premium jack-up drilling rig

CHAIRMAN'S STATEMENT

Manufacturing & Engineering

The Manufacturing & Engineering Division achieved a PBT of RM14.8 million in 2014. This is a significant improvement from the RM39.2 million losses recorded in the previous year, which was a result of the provision for impairment of assets. Better operating margins from our lubricant business in China also contributed to the improved PBT performance.



At the Grantt lubricant launch

CORPORATE SOCIAL RESPONSIBILITY

UMW's team of employee volunteers, known as the "Community Champions", spent an additional 5,818 hours on various community projects in 2014. These projects primarily focused on three major areas – Education, Environment and Community Development. Our Community Champions also united with Malaysians from all walks of life to assist those affected by the December 2014 East Coast floods. Since the volunteer programme was launched in June 2009, our Community Champions have spent a cumulative total of 22,506 hours in service to society. The UMW Group encourages volunteerism by bearing the cost of employees' participation in community programmes and providing time off work, when necessary.



UMW Community Champions assisted in the East Coast flood relief programme

UMW's long-term Corporate Social Responsibility partnership with MERCY Malaysia continued for the sixth consecutive year in 2014. Over the years, we have provided the humanitarian organisation with nearly RM3.0 million in funding to conduct mobile clinics, alcohol misuse intervention groups, fire risk reduction activities and disaster relief efforts for remote or vulnerable communities in Malaysia.

DIVIDEND

The UMW Group had declared and paid three single-tier interim dividends for the FY2014. With the payment of the third interim single-tier dividend of 32% or 16.0 sen per share of par value RM0.50 each on 24 April 2015, the Board does not propose to pay any final dividend for the FY2014.

The total single-tier dividend for the FY2014 is equivalent to 82% or 41.0 sen per share of par value RM0.50 each, amounting to a net dividend of approximately RM479.0 million. The total payout represents approximately 76.1% of the 2014 net profit attributable to shareholders of UMW (net of unrealised gains) surpassing our target Key Performance Indicator for dividends of at least 50%.

PROSPECTS AND FUTURE DIRECTION

The Automotive Division is expected to continue to perform well and maintain its market share in 2015. Strong demand for smaller cars is likely to help PERODUA increase its market share in tandem with an increase in total industry volume. At the same time, UMW Toyota Motor may benefit from incentives given for the localisation of foreign car production under the National Automotive Policy 2014, which is expected to narrow the price gap between National and non-National automotive makes.

In view of the recent decline in oil prices, our Oil & Gas Drilling Services segment is expected to face intense challenges in 2015. Rig utilisation rates are expected to be lower than the high levels seen in 2014. However, the decline is a normal cyclical phenomenon in the industry, and based on historical experience, we anticipate that oil prices will recover in due time. We have already taken the cyclicity of the industry into account in strategising and executing the Drilling Services segment's expansion plans. This includes securing clients over wider geographical areas, which fosters faster growth and reduces dependency on a single market. We are already aggressively bidding in expanded markets and working closely with our clientele to enhance rig utilisation.

CHAIRMAN'S STATEMENT



UMW Holdings Berhad won the PNB Value Creation Award at PNB's inaugural Corporate Excellence Awards Dinner in June 2014.

Meanwhile, there will also be opportunities for us to benefit from the low oil price environment. The industry is likely to see some consolidation, while companies that are unable to sustain their operations make their exit, providing us the opportunity to increase market share. We are confident that the potential future contracts, together with revenue from existing firm contracts, enhanced cost-management measures and available reserves, will help the Oil & Gas Drilling segment sail through the industry slowdown and emerge stronger.

The Equipment Division's Malaysian operations will focus on non-commodity industries to minimise the adverse impact and risks associated with weak commodity prices. Its overseas operations is expected to perform positively in 2015.

UMW's exit from the automotive components manufacturing business in India is a positive move for the Manufacturing & Engineering Division, given India's tough automotive component business environment. The exit will enable the division to move forward according to its strengths and focus on areas of greater potential. We are confident of a further increase in market share for the division's China operations. The division may also improve its performance through better sales of lubricants, especially via UMW's newly-enhanced in-house brand, Grantt. We are also actively looking at exporting Grantt lubricants to the emerging ASEAN markets.

Overall, the Group is confident of achieving a satisfactory performance in the year ahead in spite of the challenges expected.

ACKNOWLEDGEMENT

The last few years have been challenging for almost all corporations globally given widespread financial volatilities and unpredictable geopolitical events. In spite of this, the UMW Group has continued to make steady progress in each of our core businesses. This is the direct result of a strong and dedicated team, whom I would like to acknowledge.

My heartfelt gratitude goes to my fellow Board members, whose guidance and advice have supported management's efforts in realising the Group's corporate, financial and business objectives.

To our management team, thank you for your strong and able leadership. To all our employees in Malaysia and overseas, my sincerest appreciation for your hard work both in the workplace as well as in the community.

Finally, to our principals, customers, shareholders, suppliers, bankers and business associates, I thank you for your continuous cooperation and support.

ASMAT BIN KAMALUDIN

Group Chairman

6 May 2015

REVIEW OF OPERATIONS



DATUK SYED HISHAM BIN SYED WAZIR
President & Group CEO



UMW Toyota Motor Sdn. Bhd. **("UMW Toyota Motor")**

UMW Toyota Motor's market share increased from 14.1% in 2013 to 15.6% in 2014, boosted by strong sales of the Vios and Altis models.

The all-new Toyota Corolla Altis was launched in January 2014, followed by the introduction of the improved Innova and the Toyota Camry 2.0 GX new variant in March. In response to customer feedback as well as growing market demand, UMW Toyota Motor began offering the Toyota Alphard and Toyota Previa as part of its

line-up in April 2014. The year also saw Lexus Malaysia's return into the luxury sports segment with the launch of the all-new Lexus RC 350 and Lexus RC F.

UMW Toyota Motor continued to improve and expand its network with the opening of its upgraded 3S Center in Tawau, Sabah, and the unveiling of its latest 3S facility in Langkawi, Kedah. The seventh Lexus Malaysia outlet was opened in Ipoh, Perak, in August 2014.



The all-new Lexus RC 350

REVIEW OF OPERATIONS



The seventh Lexus Malaysia outlet in Ipoh, Perak

UMW Toyota Motor's continuing commitment to providing quality experience for its customers saw it being ranked number one in both the Customer Service Index ("CSI") and Sales Satisfaction Index ("SSI") categories, in the J.D. Power Asia-Pacific 2014 Malaysia Study.

UMW Toyota Motor also received the following awards and accolades in 2014 –

- Putra Brand Awards (Gold) – Automotive
- Gold Award – HR Excellence in Work Life Balance Category
- Asian Auto Allianz Auto Industry Awards 2014 Best Value for Money Luxury Car – Lexus ES 250
- Autoworld Car of the Year in the following categories –
 - Best Sub-Compact Passenger Car – Toyota Vios
 - Best Premium Compact Passenger Car – Lexus IS 250
 - Best Premium Mid-Sized Passenger Car – Lexus ES 250.

Assembly Services Sdn. Bhd. ("ASSB")

ASSB is involved in the assembly of selected Toyota and Hino vehicles. Production volume at ASSB was higher in 2014 compared to the previous year, contributing to an increase in revenue and profit before taxation ("PBT").



The new variant Toyota Camry 2.0 GX was launched in March

The year 2014 saw preparations underway at ASSB to begin the local assembly of Toyota Camry Hybrid vehicles. This included the installation of related machines and equipment, as well as enhancement of employees' technical skills and knowledge.

The Toyota Vios, assembled by ASSB, was ranked No.1 in the J.D. Power Asia-Pacific 2014 Malaysia Initial Quality Study ("IQS"). The study measures new vehicle quality in the first two to six months of ownership.

Automotive Industries Sendirian Berhad ("AISB")

AISB's sales volume increased by 5% in 2014 from the previous year. It maintained its position as the leading exhaust systems manufacturer in the country, with a market share of 97%. Market share for catalytic converters and instrument panel reinforcement increased by 7.4% and 2%, respectively, from 2013. With the exhaust business at its optimum, AISB has been actively exploring new opportunities for business expansion. In 2014, it secured new business for the assembly of side impact beams and door sash.

During the year under review, AISB was named Top 5 Best Performing Vendor of the Year 2014 by Inokom Corporation Sdn. Bhd.

Toyota Boshoku UMW Sdn. Bhd. ("TBU")

TBU manufactures and assembles car seats, door trims, headliners and other automotive interior parts. 2014 was a year marked by higher production volume and increased efficiency. The company's Quality Productivity Improvement ("QPI") initiative entered its second year, focusing on the implementation of the Toyota Production System. The initiative successfully contributed to the company reaching its productivity/Operating Ratio target for the year.

After an external audit in July 2014, TBU was successfully recertified with ISO 9001:2008 and ISO 14001:2004, valid until 26 May 2016.

REVIEW OF OPERATIONS



The new Alza was introduced in January

Perusahaan Otomobil Kedua Sdn. Bhd. Group (“PERODUA”)

PERODUA has maintained its no. 1 position in the Malaysian automotive sector (a position it held since 2006) on the back of healthy demand for its new variants and model launched last year.

In 2014, PERODUA introduced the new Alza in January, the Myvi XT in April and its latest model, the PERODUA Axia in September. The PERODUA Axia attracted over 66,000 bookings between August and December last year – more than doubled its expected 30,000 deliveries for 2014.



The Myvi XT received the thumbs up

The Axia won the Car of the Year – Entry Level Compact Car category Award at the NST-Maybank Car of The Year Award event held in December. At the same event, PERODUA’s President & CEO, Datuk Aminar Rashid bin Salleh was awarded the NST-Maybank Automotive Man of the Year Award for his exemplary leadership of the company.

In addition, the PERODUA Alza also received the Asian Auto Allianz Auto Industry Awards 2014 for the Best Locally-Assembled Car.

The Axia, which is the country’s first Energy Efficient Vehicle (“EEV”), is the outcome of PERODUA’s Transformation Programme, aimed at making PERODUA globally competitive in terms of quality, cost and delivery.

The Transformation Programme includes the construction of the country’s first Energy Efficient plant which began operations in August 2014, producing nearly 36,800 units by the end of the year. PERODUA also entered into a joint venture agreement with Daihatsu Motor Co. to build a RM600 million engine plant in Sendayan TechValley, Negeri Sembilan. Construction of the plant began in October 2014 and is expected to be operational by the second half of 2016.

REVIEW OF OPERATIONS

EQUIPMENT

REVIEW OF OPERATIONS



The new Toyota 8 series 3.5 – 8.0 ton engine-powered forklift

HEAVY EQUIPMENT

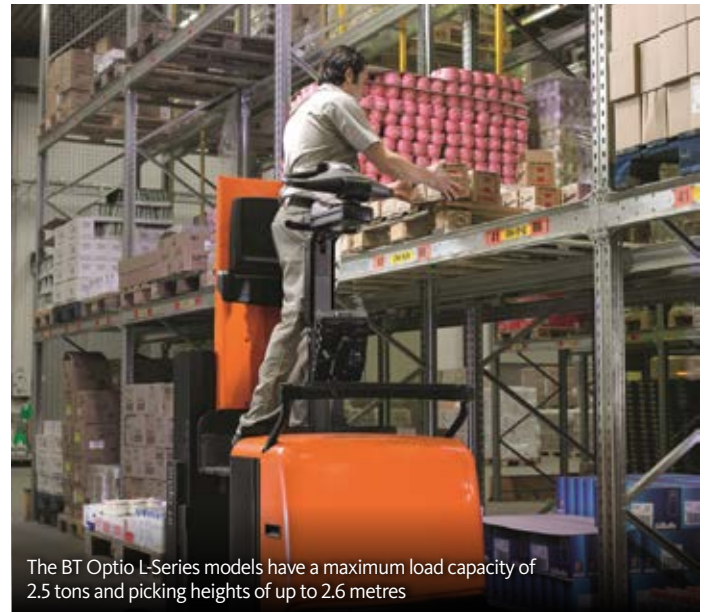
UMW Equipment Sdn. Bhd./UMW (East Malaysia) Sdn. Bhd./UMW Niugini Limited, Papua New Guinea/UMW Engineering Services Limited, Myanmar (collectively known as the “Heavy Equipment Group”)

The Heavy Equipment Group’s overall results remained satisfactory in 2014, although the Malaysian and Papua New Guinea operations continued to face challenging market conditions. The Myanmar operations registered a significant increase in revenue boosted by the country’s active construction sector and the lifting of the suspension on jade mining activities.

INDUSTRIAL EQUIPMENT

UMW Industries (1985) Sdn. Bhd. (“UMW Industries”)

UMW Industries is a distributor of the world renowned Toyota, BT and Raymond material handling equipment and Tennant industrial floor cleaning machines. In 2014, the company registered growth in all of its main product lines, and maintained its dominant 50% market share of material handling equipment sold in Malaysia.



The BT Optio L-Series models have a maximum load capacity of 2.5 tons and picking heights of up to 2.6 metres

In August 2014, UMW Industries launched the new Toyota 8 series of 3.5 to 8.0 ton engine-powered forklifts. The forklifts were very well-received by the market and UMW Industries was awarded by its principal for being the top distributor of the new product. Construction of UMW Industries’ new headquarters continued during the year under review. The new building is located next to the company’s current premises at Jalan Utas, Shah Alam. It comes with a showroom cum state-of-the-art forklift training center. The new premises is expected to be operational by June 2015.

UMW Industries received the following prestigious awards and recognitions from its principals during the year –

- Toyota President’s Gold Award 2013 from Toyota Material Handling International (“TMHI”) for excellent performance in both sales and customer support
- Platinum membership to the prestigious TMHI Premier Club, being the only country to have been awarded this membership for 2013
- Runner-up in the Tennant APAC Export Distributor of the Year 2013.



UMW Industries (1985) was awarded the Toyota President’s Gold Award 2013 at the TMHI Award Ceremony in Nagoya, Japan

REVIEW OF OPERATIONS

UMW Equipment & Engineering Pte. Ltd., Singapore (“UEEPL”)

UEEPL is an exclusive distributor of Toyota, BT and Raymond material handling equipment and Komatsu construction equipment in Singapore. The company’s market share in the material handling equipment sector improved to more than 40% in 2014 compared to about 30% in 2013.

UEEPL obtained its BS OHSAS 18001:2007 certification on 14 July 2014, reflecting the company’s continuing commitment in ensuring the health and safety of employees at its workplace.

In recognition of UEEPL’s excellent performance, the company received the Toyota President’s Bronze Award 2013 from TMHI, as well as an Outstanding Achievement Award for best sales of BT and Raymond equipment. During the year, UEEPL was also conferred the Singapore 1000 Company, Emerging 2014 award for attaining the highest achievement in the quantitative management of the company.



Komatsu hydraulic excavator

UMW Equipment Systems (Vietnam) Company Limited, Vietnam (“UESV”)

UESV is a distributor of Toyota, BT and Raymond material handling equipment in Vietnam. In 2014, the company was also appointed as an exclusive distributor for ELGI air compressors.

Following its improved performance in 2013, UESV received the Outstanding Effort Award from its principal, TMHI. Its market share improved to 23% in 2014 from about 20% in the previous year.

The year also saw UESV opening two new representative offices to better serve customers in the Mekong Delta and Central Vietnam region. UESV’s office in Binh Duong, Southeast Vietnam obtained the Toyota After-Sales Evaluation and Certification, after a comprehensive audit by its principal.

UMW Industrial Trading (Shanghai) Co., Ltd., China/ UMW Industrial Equipment (Shanghai) Co., Ltd., China/ Vision Fleet Equipment Leasing (Shanghai) Co., Ltd., China (collectively known as “UMW Shanghai”)

UMW Shanghai is a dealer for Toyota, BT and Raymond material handling equipment in Shanghai and Zhejiang provinces in China. In 2014, it expanded its business and was appointed the sole distributor of GEP brand of lubricants.

The company relocated its Ningbo and Hangzhou branches in order to provide better facilities and support to its customers in tandem with its business growth. It plans to capitalise on the growing rental market and focus on market needs to expand its business.



Mr Tetsuji Ohashi, President & CEO, Komatsu Ltd. and Mr Hisashi Shinozuka, President, Construction & Mining Equipment Marketing Division, Komatsu Ltd. paid a courtesy visit to UMW to commemorate the strong partnership of 49 years between Komatsu and UMW

MARINE & POWER EQUIPMENT

UMW Industrial Power Sdn. Bhd. (“UMWIP”)

UMWIP distributes marine engines, generator sets and air/gas compressors in Malaysia. It maintained its market leadership for marine engines in 2014. During the year, the company commenced distribution of generator sets and marine engines supplied by Shanghai Diesel Engine Co. to supplement the current Mitsubishi product range.

REVIEW OF OPERATIONS



In the driller's room during the UMW NAGA 5 delivery ceremony at Keppel FELS, Singapore on 29 April 2014

OIL AND GAS

REVIEW OF OPERATIONS

A bigger fleet of jack-up rigs led UMW-OG to post a record fourth quarter net profit, which supported its highest-ever full-year net profit in 2014 – a 32% year-on-year increase. Annual revenue sailed past the RM1 billion mark for the first time.

2014 was a busy year for UMW-OG with all its drilling rigs under contract. While NAGA 1 and UMW NAGA 4 continue their long term contracts with PETRONAS Carigali in Malaysia, UMW NAGA 2 and UMW NAGA 3 continue to service their contracts offshore Vietnam, under Petrovietnam Drilling & Well Services Corporation (“PV Drilling”).

DRILLING AND OILFIELD SERVICES

UMW Oil & Gas Corporation Berhad (“UMW-OG”)

UMW-OG is a provider of drilling and oilfield services for the upstream sector of the Oil & Gas Industry. The company operates in both Malaysia and in other parts of Southeast Asia, providing drilling services for exploration, development and production wells with its fleet of offshore drilling rigs and workover services through its Hydraulic Workover Units (“HWUs”).

In UMW-OG’s oilfield services business, it offers threading, inspection and repair services for Oil Country Tubular Goods (“OCTG”) in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells.



Delivery ceremony of UMW NAGA 6 in Shenzhen, China

REVIEW OF OPERATIONS



UMW-OG's fourth jack-up drilling rig, UMW NAGA 5, was delivered at the end of April 2014, ahead of the scheduled delivery in May. This early delivery enabled UMW NAGA 5 to commence operations with Nido Petroleum Philippines Pty. Ltd., generating revenue earlier than scheduled. The 6-week contract, worth USD7 million, was completed in July 2014. UMW NAGA 5 then secured a USD51.3 million contract with PTTEP International Limited to commence operations in Block M-3, offshore Myanmar in September 2014. With our strong track record with PV Drilling, UMW NAGA 5 subsequently secured our fifth contract with PV Drilling in December 2014 for end-client Korea National Oil Corporation. This two wells contract, worth approximately USD18.7 million, will commence in the second quarter of 2015, after the completion of the PTTEP International Limited contract in Myanmar, which will keep the rig busy until the fourth quarter of 2015.

Also contracted to PTTEP International Limited is UMW-OG's HWU, UMW GAIT 6, which was delivered in August 2014. The contract is valued at USD10.0 million with an option for further extension.

In September, UMW-OG took delivery of its fifth jack-up drilling rig, UMW NAGA 6. UMW NAGA 6 was mobilised to location in Vietnam to commence operations under a USD46.5 million contract with PV Drilling.

ONSHORE DRILLING

UMW Sher (L) Ltd., ("UMW Sher")/Jaybee Drilling Private Limited, India ("Jaybee Drilling")

UMW Sher owns three onshore rigs – Sher 1, Sher 2 and Sher 3 and these rigs are leased to Jaybee Drilling which is based in Guwahati, in the State of Assam, Northeastern India. The companies remained profitable in 2014, with increased revenue from both Sher 2 and Sher 3. Sher 2 achieved higher operating days during the year under review and a 1 + 1 year contract with Oil India Limited was secured for Sher 3 in March 2014, with higher operating day rates.

Arabian Drilling Services L.L.C., Oman ("ADS")

ADS is the owner of five onshore drilling rigs and is involved in the provision of drilling service activities incidental to the extraction of petroleum and natural gas. Its major challenge is the local operating costs that have increased substantially, and have affected the profitability of existing contracts with Petroleum Development Oman ("PDO"). As such, the year 2014 saw ADS renegotiating existing contracts for better terms, as well as bidding for new contracts with higher operating day rates. ADS has also initiated a cost control programme of cutting equipment rental costs by purchasing equipment outright and other administrative expenses for crew change. The company has further reviewed the structural construction of existing rigs to reduce downtime during rig moves, which may lead to additional savings substantially.

MANUFACTURING OF OCTG & LINE PIPES

Zhongyou BSS (Qinghuangdao) Petropipe Co., Ltd., China ("Zhongyou BSS")

Zhongyou BSS manufactures and sells large diameter submerged arc-welded pipes (longitudinal and spiral) and bends, with supporting coating facilities. As China's economy faces headwinds, the slowdown has resulted in lower demand and consequently a provision for asset impairment. In addition, the intense competition following the liberalisation reform by the Chinese Government had also adversely affected the company's profitability for 2014. Demand is expected to pick up for the year 2015, nevertheless 2015 is expected to be another challenging year for the company.

Shanghai BSW Petro-Pipe Co., Ltd., China ("Shanghai BSW")

Shanghai BSW manufactures and markets spiral submerged arc-welded steel pipes for oil and gas transmission lines, and structural pipes for oil and gas application. It also provides internal and external pipe coating services. The company is based in Shanghai, China.

REVIEW OF OPERATIONS



OCTG threading, inspection and repair services under Oilfield Services

The delay in the China National Petroleum Corporation-owned major pipeline projects in 2014 has a negative impact on Shanghai BSW's earnings for the year. Activities for major pipeline projects are expected to restart in 2015 barring any unforeseen circumstances. However, profit margin remains challenging as competition is expected to intensify following the liberalisation of market reforms introduced by the Chinese Government.

United Seamless Tubular Private Limited, India (“USTPL”)

USTPL manufactures carbon and alloy grade seamless steel pipes and tubes, mainly for the export market. The company finished the year under review with reduced losses compared to 2013 following the announcement of lower anti-dumping/countervailing duty rates in August 2014. USTPL was able to secure orders from the USA in the fourth quarter of the year. USTPL continued its exploration of other international markets in 2014, including South America, the Middle East, Africa, as well as the domestic Indian market. The company is confident of securing more orders in 2015.

FABRICATION OF OIL & GAS AND OTHER STRUCTURES

UMW Helmsion Engineering Pte. Ltd., Singapore (“UMW Helmsion”)

UMW Helmsion is involved in the repair and fabrication of steel structures for industrial lifting, handling and hoisting across all sectors in Singapore. Faced with highly challenging market conditions and lower sales, the company ended the year with a modest profit. UMW Helmsion has initiated some cost control initiatives to defend its operating profitability.

SUPPLY OF OILFIELD PRODUCTS

UMW Oilfield International (M) Sdn. Bhd./UMW Oilfield International (L) Ltd., (collectively known as the “UOI Group”)

The UOI Group is involved in the trading of OCTG and line pipes for the domestic and international markets. In 2014, the UOI Group saw a lesser demand for OCTG from the US market, mainly due to anti-dumping and countervailing duties imposed by the US Government. The sale of OCTG to the USA has resumed and remained competitive following final determination of duties in

REVIEW OF OPERATIONS

September 2014 by the US Government. UOI has also expanded its business into the Middle East and ASEAN regions for the supply of both seamless OCTG and line pipes. UOI has been prequalified by Midland Oil Company, an Iraq state-owned oil company, for the supply of OCTG and line pipes.

PFP Holdings Pty. Ltd., Australia (“PFP”)

PFP supplies a complete range of piping and pressure vessel components, including pipes, flanges and fittings to the oil and gas, and mining sectors. In 2014, PFP also began offering its clients value-added services such as the provision of engineering and design support. While the company's sales efforts in 2013 were very much focused on the Australasian region, year 2014 saw PFP take a broader approach, expanding sales to Korea, Indonesia and Thailand.

Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd., China (“STPPC”)

The principal activities of STPPC are drilled pipe coating, tubing coating and powder coating. The introduction of effective cost management measures, as well as higher profit contribution from its associated companies, resulted in an increase in PBT from the previous year. During the year, STPPC also successfully renewed its Foreign-Funded Enterprise with Advanced Technology status, allowing it to continue enjoying reduced corporate tax rates.

Jiangsu Tube-Cote Shuguang Coating Co., Ltd., China (“JTSC”)

JTSC's principal activities include interior surface coating for drill pipes and tubing casings, mainly for the domestic market. Despite more competitors coming into this niche segment, especially in the Jiangsu province, JTSC ended 2014 with positive results.

Sichuan Haihua Petroleum Steelpipe Co., Ltd., China (“Sichuan Haihua”)

Sichuan Haihua's new Electric Resistance Welded (“ERW”) pipe manufacturing plant, strategically located in the Guanghan Economic Development Zone, Sichuan, successfully commenced production of pipes in January 2014, providing the company with a new source of revenue. The plant achieved a total production volume of 12,000 metric tons for the year ended 31 December 2014. The company disposed its old pipe-coating plant in Jing Yu Town in August 2014, consolidating its pipe-coating business together with its ERW pipe manufacturing activities in its new plant.

During the year, Sichuan Haihua established a highly technical team to modify its API pipe production line to enhance the meeting of API quality standards. In addition, the company is seeking ISO9001, 14001 and 18001 certification. Sales teams were set up for Chongqing and Gui Zhou to capture markets beyond Sichuan Province while seeking registration with SINOPEC and the China Petroleum Group.

OILFIELD SERVICES

UMW Synergistic Generation Sdn. Bhd. (“USG”)

USG operates as a one-stop total power solutions provider. The company returned to profitability in 2014, after suffering a loss in 2013. The much improved performance can be partly attributed to the successful completion of a number of projects, which suffered from cost overrun the previous year due to operational issues. In October 2014, USG also received the following awards from its client, PETRONAS Carigali Iraq Holding for its commendable work performance on the Garraf Power Plant project –

- 15,000,000 safe man-hours without Lost Time Injury (“LTI”); and
- Best International Contractor Award.

In 2014, USG also started to grow the Electric Power Generation sector more seriously by investing in competency and skill development for ATEX, Zone 1 and Zone 2 certified engines for application in hazardous environment such as offshore oil and gas.

Despite negotiating tough market conditions due to low oil prices, USG is well-poised to overcome these challenges through market repositioning as a turbo machinery systems provider. This effectively expands its product range and service offerings as well as market reach.

REVIEW OF OPERATIONS



UASB supplies oil filters and other related automotive components

MANUFACTURING & ENGINEERING

UMW Advantech Sdn. Bhd. (“UASB”)

UASB manufactures automotive filtration systems and related components, as well as distributes automotive and industrial after-market parts. The first half of 2014 saw lower demand in the Original Equipment (“OE”) segment from national carmakers, due to a drop in car production, pending the launch of new models in mid-September.

UASB expanded its replacement parts product range during the year, with the introduction of GEP-brand batteries and timing belt set, as well as hydraulic brake/clutch. GEP is UMW’s in-house brand, developed to provide high quality replacement parts at reasonable prices.

In 2014, UASB successfully secured a deal to supply oil filters for the Mitsubishi Triton model, after it passed all quality tests by Mitsubishi, Japan.

The company’s cost improvement activities achieved savings of RM2.8 million for the year.

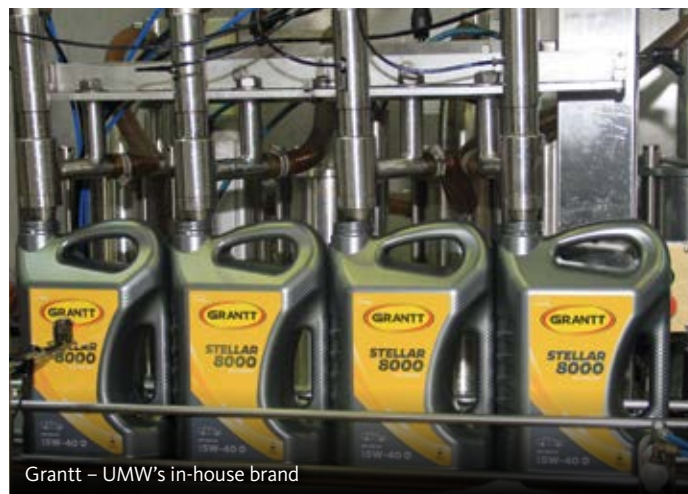
Lubetech Sdn. Bhd. (“Lubetech”)/UMW Pennzoil Distributors Sdn. Bhd. (“UPD”)/UMW Lubricant International Sdn. Bhd. (“ULI”) (collectively known as the “Lube Group”)

The Lube Group manufactures, sells, markets and distributes lubricant products – primarily Toyota Motor Oil, Pennzoil, Repsol and UMW’s own in-house brand, Grantt. The new and enhanced Grantt formula, featuring premium base oils, was developed during the year by UMW’s own team of lubricant specialists at the Lubetech plant. The full range of Grantt Lubricants was launched on 23 January 2015.

Enhancements made to the Lubetech production system during the year included the installation of a new high speed rotary machine, as well as a new holding tank to increase overall production capacity by another 10%.

Overall, the Lube Group achieved a 17.6% increase in PBT in 2014, from the previous year. The improved performance was driven by the company’s ongoing cost reduction efforts.

Lubritech International Holdings Limited/Lubritech Limited,



Grantt – UMW’s in-house brand

China (collectively known as “Lubritech”)

Lubritech manufactures and distributes premium lubricants in China. It is currently the sole supplier of premium lubricants for First Automobile Works (“FAW”) which assembles cars under Mazda, Red Flag and Besturn brand marques. Lubritech is also currently Repsol’s biggest partner in Asia.

Lubritech’s 2014 revenue increased by nearly 29% from 2013, driven by higher sales of Repsol lubricants and FAW-OEM. The company secured new key accounts during the year with Wurth and Blue Star. Lubritech also achieved savings of RMB3 million from cost reduction initiatives implemented in 2014.

REVIEW OF OPERATIONS



Repsol launches a new range of motorcycle oil

KYB-UMW Malaysia Sdn. Bhd./KYB-UMW Steering Malaysia Sdn. Bhd. (collectively known as the “KYB-UMW Group”)

The KYB-UMW Group manufactures and assembles automotive shock absorbers, motorcycle suspension units and power steering pumps, for both local and overseas market. The company increased its market share for both OEM (4 wheelers) and OEM (2 wheelers) in 2014. Exports for the replacement market also increased with the highest sales volume of 896,405 pieces recorded so far.

Electrophoretic Deposition (“ED”) Coating System was introduced to the KYB-UMW plant in 2014 – the first use of the technology for shock absorber manufacturing in Malaysia. The adoption of the ED Coating System is part of KYB-UMW’s plan to level up its manufacturing capabilities to be amongst the best in the global KYB Group.

In 2014, KYB-UMW’s team was placed sixth out of 22 teams in the global KYB Group Robocon Competition. The company also clinched Silver in the KYB Group Global Kaizen Programme.

KYB-UMW also received the following awards from its key customers in 2014 –

- Hong Leong Yamaha Top Vendor Award 2014 – Hong Leong Yamaha Motor Sdn. Bhd.
- Product Excellence – In compliance with the quality standards of Mitsubishi Motors Philippines Corporation (“MMPC”) and consistent delivery of high quality products – MMPC
- First UMWT-SPLD Service Parts Supplier Performance Award – Gold Award for Outstanding Performance in Quality Assurance Group B – UMW Toyota Motor.

Sathya Auto Private Limited, India (“Sathya”)

Sathya manufactures automotive components such as jacks and wiper arms. The company set up an in-house top coat (painting) facility in 2014 to reduce cost as well as improve product quality. The year saw higher utilisation of Sathya’s Plant 3, leading to an increase in revenue and reduced losses, compared to 2013.

UMW Dongshin Motech Private Limited, India (“UMW Dongshin”)

UMW Dongshin is involved in the automotive stamping industry in India and a supplier of Body-in-White (“BIW”) and chassis parts to a niche global market. The company achieved a slight increase in revenue in 2014 with the addition of new customers.

Castwel Auto Parts Private Limited, India (“Castwel”)

Castwel produces aluminium die casting automotive parts. Its main activities are high pressure die casting, gravity die casting and hi-precision machining components. During the year under review, the company made various enhancements to its production system to improve the quality of its products and reduce internal rejection rates. The company increased its revenue with the addition of new customers, and ended 2014 with reduced losses from the previous year.



KYB-UMW manufactures automotive shock absorbers

REVIEW OF OPERATIONS



OTHERS

Toyota Capital Malaysia Sdn. Bhd. ("TCAP")

TCAP specialises in vehicle financing for Toyota, Lexus and Perodua. The company grew its customer base by 11% to more than 110,000 in 2014. It registered a respectable profit with total managed assets of RM4.64 billion as at 31 December 2014.

TCAP's iPad-based loan system, TCAPMobile became available for download from the Apple Store during the year. The company also strongly promoted the e-payment services for its customers over

traditional payment channels, in line with Bank Negara Malaysia's ("BNM") e-payment/e-banking initiatives. This earned TCAP a Direct Debit Top Merchant Award from Malaysian Electronic Clearing Corporation ("MyClear"), a subsidiary of BNM.

TCAP is confident of its mid-term growth in line with the expanding sales of Toyota, Lexus and Perodua.

U-TravelWide Sdn. Bhd.

U-TravelWide performed well in 2014 and turned in a slightly improved PBT. The company maintained its sales volume with Malaysia Airlines and received the Outstanding Sales Achievement Award for the tenth consecutive year.

UMW Development Sdn. Bhd.

The company continued exploring various options with potential buyers and developers to unlock the value of its remaining land in Serendah.

STATEMENT ON CORPORATE GOVERNANCE



The Statement on Corporate Governance of UMW Holdings Berhad (“Company” or “UMW”) aims to provide an insight of the Corporate Governance (“CG”) practices of the Company under the leadership of the Board of Directors (“Board”).

UMW Group remains fully committed to the highest standards of CG while pursuing its corporate objectives to enhance shareholder value and its overall competitive positioning. The Board acknowledges the significance of good governance and plays an active role in advising, administering and reviewing the Group’s governance framework and practices to ensure sound CG practices, which are essential towards sustaining business and values.

In building the CG framework and practices, the Group adopts the following pertinent statutory and non-statutory documents –

- Companies Act, 1965 (“CA 1965”);
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”);
- Malaysian Code on Corporate Governance 2012 (“MCCG 2012”);
- Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies High Performance (“Green Book”);
- Corporate Governance Guide: Towards Boardroom Excellence (“CG Guide”) 2nd Edition issued by Bursa Malaysia Berhad; and
- Minority Shareholder Watchdog Group’s (“MSWG”) Malaysia-ASEAN Corporate Governance Scorecard.

CORPORATE GOVERNANCE FRAMEWORK

The Group’s CG framework is a reflection of the way strategic and operational activities are managed. The roles of stakeholders, the Board, the Committees of the Board (“Board Committees”),

Flagship Boards and management are distinctly different but complementary in attaining the Group’s core objectives. The holding company formulates strategies to optimise the Group’s performance and oversees activities at the consolidated level, while the core businesses retain the necessary authority and responsibility for conducting their own operations.

Flagship Boards (“FB”) were established to provide the appropriate level of dedicated oversight and to focus on the core business of the respective divisions. Each FB has representatives from the Board and management to ensure clear and unambiguous oversight and to exercise a reasonable degree of supervision and control over the division.

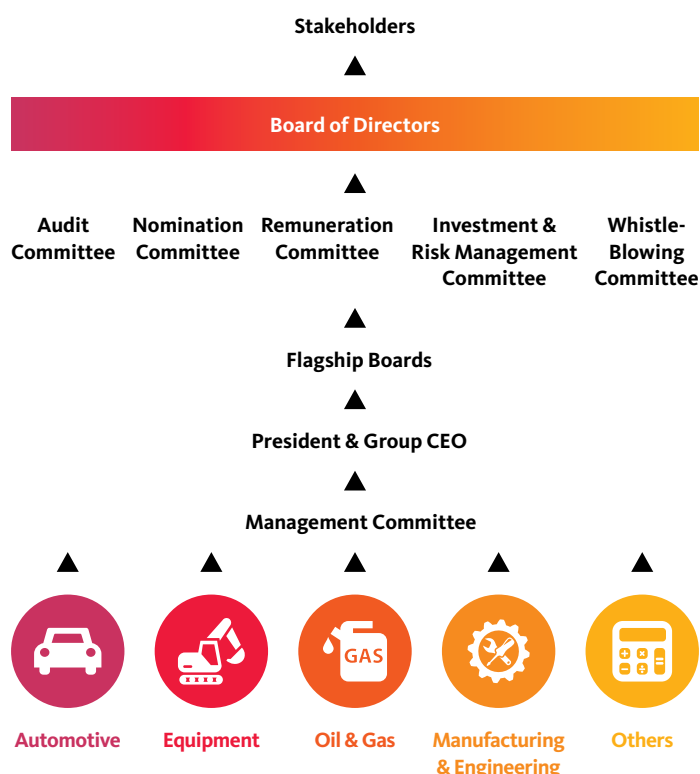
The roles of the FB, subject always to the direction and counsel of the Board and compliance with any policies and delegated authority limits set by the Board, amongst others are –

1. To oversee the operations of the respective divisions, which include, but are not limited to, overseeing their business strategy and performance, human capital management, CG and risk management practices;
2. To fulfil its statutory and fiduciary responsibilities of monitoring the management and financial risk processes, and accounting and financial reporting practices of the divisions;
3. To review the business efficiency and quality of the accounting function, financial reporting and system of internal controls of each division;
4. To enhance the independence of both the external and internal audit functions by providing direction to and oversight of these functions; and

STATEMENT ON CORPORATE GOVERNANCE

5. To ensure that an effective ethics programme is implemented across the divisions and to monitor compliance with established policies and procedures.

The structure of the Group's CG framework is depicted below –



APPLICATION OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012

The Board is pleased to illustrate how the Group has applied the Principles of MCCG 2012 throughout the financial year ended 31 December 2014.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Recommendation 1.1

The Board should establish clear functions reserved for the Board and those delegated to management

The Board recognises its responsibilities in governing, guiding and monitoring the entire performance of the Group. There is a clear division of responsibilities between the Board and management. The Board is led by a Non-Executive Chairman, whose principal responsibility is to ensure the effective running of the Board. Except for matters reserved for shareholders, the Board is the ultimate decision-making body of the Group.

Functions, Roles and Responsibilities

The responsibility in governing, guiding and monitoring the entire performance of the Group rests entirely on the Board. The Board assumes the following specific duties, which are discharged in the best interests of the Company in pursuance of integrated regulatory and commercial objectives –

1. Establishing and reviewing the strategic direction of the Company;
2. Overseeing and evaluating the conduct of the Company's businesses;
3. Identifying principal risks and ensuring that risks are properly managed;
4. Establishing a succession plan;
5. Ensuring the existence of a good investor relations programme and shareholder communication policy; and
6. Reviewing the adequacy of the internal control policy.

The Board takes full responsibility and accountability for the smooth functioning of core processes involving Board governance, financial reporting, risk management, business values and ethical oversight. To facilitate the effective discharge of these responsibilities, dedicated Board Committees have been established with clear terms of reference ("TOR") and/or clear written procedures determining which issues require a decision of the full Board and which issues can be delegated to the Board Committees, FB or management.

The Board also reserves full decision-making powers on the following matters –

1. Material acquisitions and disposal of assets;
2. Investments in capital projects;
3. Authority levels;
4. Treasury policies;
5. Risk management policies;
6. Key human resource issues; and
7. Conflict of interest issues relating to a substantial shareholder or a Director.

The Board is responsible for exercising reasonable care towards protecting the Group's resources and safeguarding the Company's assets. Proposed strategies together with the annual budget and Key Performance Indicators ("KPIs") which supports the Group's strategy and business plan were reviewed and approved by the Board. The Board established clear targets and KPIs to measure management's

STATEMENT ON CORPORATE GOVERNANCE

performance to determine whether the business is being properly managed. Information is provided to enable them to discharge their duties in the best interests of the Company. These targets and KPIs are tabled to the Board and deliberated on a quarterly basis by both management and the Board.

The President & Group Chief Executive Officer (“PGCEO”), Datuk Syed Hisham bin Syed Wazir, has headed the Management Committee, the highest management body in the Group, since his appointment to the Board on 1 October 2010. He is accountable to the Board and ultimately to shareholders. The PGCEO is the conduit between the Board and management in ensuring that the financial management practice is performed at the highest level of integrity and transparency. He is also tasked to ensure that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations. He is primarily responsible for implementing policies of the Board, overseeing the Group’s operations and developing the Group’s business strategies, which include performance targets and long-term goals established by the Board.

The PGCEO is directly accountable to the Board and is responsible for communicating matters relating to the Group’s business affairs and issues to the Board. His vast experience, business knowledge and skills attained from senior managerial positions held prior to his appointment to the Group contribute significantly towards the attainment of the Group’s goals and objectives.

Key Performance Indicators

The Group’s actual performance for the financial year ended 31 December 2014, surpassed its target headline KPIs as stated below –

KPI	2014 Target Headline (%)	2014 Achievement (%)
Annual return on shareholders’ funds	10	10.1
Annual dividend payout ratio of net profit attributable to shareholders	50	76.1

Recommendation 1.2

The Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions

To facilitate the discharge of the Board’s responsibility and oversight role, the Board is assisted by a number of Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee, Investment & Risk Management Committee and Whistle-

Blowing Committee. The delegation of certain responsibilities of the Board to its Committees is necessary as there is now greater reliance on Board Committees to respond to complex challenges of the business. However, the responsibility for governing, guiding and monitoring of the performance of the Group rests entirely on the Board.

The Board Committees operate within clearly-defined TOR, operating procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure that they are relevant and up to date.

The Board receives regular reports on Board Committees’ proceedings and deliberations. On matters reserved for the Board and where the Board Committees have no authority to make decisions, recommendations are highlighted in their respective reports for the Board’s deliberation and endorsement. Decisions of the Board Committees are incorporated into the minutes of meetings of the Board. Independent Directors and Non-Executive Directors (“NEDs”) play a leading role in the Board Committees, whilst management and third parties are co-opted into the Board Committees as and when required.

The TOR of each Board Committee can be viewed at the Company’s website at www.umw.com.my

A. Audit Committee (“AC”)

The AC of the Board was established with the primary objective of assisting the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls and risk management processes and financial reporting practices, which comprise, among others, the following –

1. Ensuring that the Group’s financial statements comply with the applicable financial reporting standards and the provisions of the CA 1965;
2. Reviewing the adequacy and effectiveness of the Group’s accounting procedures and financial reporting practices;
3. Reviewing the adequacy and effectiveness of the Group’s risk management and internal control systems;
4. Reviewing the external auditors nature and scope of audit plan and ensuring coordination with relevant parties if necessary; and
5. Reviewing the Group Internal Audit Division’s annual audit plan and providing guidance if so required.

STATEMENT ON CORPORATE GOVERNANCE

The AC comprises four (4) NEDs, majority of whom are Independent Directors. The Chairman of the AC is the Senior Independent NED of the Company.

The AC has full access to the auditors, both internal and external, to clarify audit issues and the operations of the Group. During the year under review, the AC met with the external auditors twice, to give opportunity to the external auditors to raise any matter without the presence of management or Executive member of the Board.

The AC plays a key role in establishing and continuing to maintain an appropriate internal control system, and the adequacy and effectiveness of the risk management and governance process in the Group.

All significant related party transactions are reviewed by the AC on a quarterly basis. A shareholders' mandate in respect of existing and new (where applicable) recurrent related party transactions ("RRPT") is obtained at the Annual General Meeting ("AGM") of the Company on a yearly basis. Details of the RRPT entered into by the Group during the financial year ended 31 December 2014 are set out in the Additional Compliance Information on pages 94 and 95 of the annual report.

Further information on the scope and activities of the AC, including attendance of the Committee members, can be found in the AC Report on pages 24 to 27 of the annual report.

The full TOR of the AC can be viewed at the Company's website at www.umw.com.my

B. Nomination Committee ("NC")

The primary objectives of the NC are to –

1. Identify and recommend to the Board, nominees qualified to serve on the Board, including the PGCEO and Board Committees;
2. Oversee the evaluation of the Board and Board Committees and of individual Directors;
3. Establish qualitative and quantitative performance criteria (KPIs) of senior executives; and
4. Review and approve the appointment of the Group's key management personnel, including the Group Secretary of UMW.

Nominations may come from a wide variety of sources, including Directors' pool, senior employees of the Group, shareholders, industry associations, recruiting firms and others.

Composition

The NC shall be appointed by the Board from amongst its Directors and shall comprise no fewer than three (3) members, all of whom must be NEDs, with a majority of them being Independent Directors.

The NC comprises the following –

1. Dato' Siow Kim Lun, Senior Independent NED (Chairman);
2. Khalid bin Sufat, Independent NED; and
3. Dr. Leong Chik Weng, Non-Independent NED.

No Alternate Director shall be appointed as a member of the NC.

The Group Secretary is also Secretary of the NC.

The salient TOR of the NC are as follows –

Responsibilities

1. Identify and make recommendations to the Board on new candidates for appointment to the Boards of UMW and its subsidiaries and associated companies;
2. Review and make recommendations to the Board the appointment of Directors to fill seats on Board Committees;
3. Annually review the required mix of skills, experience and other qualities of the Board including gender diversity, ethnicity and age where appropriate, and core competencies, which NEDs should bring to the Board;
4. Annually carry out the processes for evaluating the effectiveness of the Board, the Board Committees and the performance and contribution of each individual NED, including Independent NEDs, identify areas for improvement and develop and recommend to the Board action plans for improvement, where applicable;
5. Make recommendations to the Board for the re-election/re-appointment of Directors retiring by rotation, at the AGM of the Company;

STATEMENT ON CORPORATE GOVERNANCE

6. Establish quantitative and qualitative performance criteria (KPIs) for the PGCEO and senior-most executives in the Group (Job Grades 22 and above), for recommendation to the Board;
7. Review the performance of the PGCEO and senior-most executives in the Group (Job Grades 22 and above) for determining the annual performance-based reward and for approving the renewal of their service contracts, when applicable;
8. Review management's proposals for the appointment, dismissal and appeal, transfer and promotion of senior-most executives in the Group (Job Grades 22 and above), for recommendation to the Board;
9. Review and approve the performance of the Group Secretary based on recommendations by the PGCEO;
10. Make recommendations to the Board on plans for succession for members of the Board, the PGCEO, the Group's senior-most executives (Job Grades 22 and above) and the Group Secretary;
11. Review and approve the human resource strategy and plan, including succession management framework and human resource activities and initiatives, and the annual manpower budget, for recommendation to the Board;
12. Recommend the engagement of external professional advisors to assist/advise the NC on leadership needs of the UMW Group, where necessary; and
13. Carry out any function defined by the Board.

Authority

The NC shall have the authority to make decisions on matters which fall within its responsibilities or to submit to the Board its recommendations on matters which are within its purview, for the Board's consideration and approval.

The NC shall have the right to obtain independent professional or other advice and may request the attendance of persons at NC meetings, if necessary.

Meetings, Quorum and Procedures

The NC shall meet six (6) times a year on a scheduled basis although additional meetings may be called as and when necessary by the Chairman of the NC.

The quorum for the NC shall be two (2) members.

Each member of the NC is entitled to one (1) vote on all matters deliberated at the meeting. In the case of an equality of votes, the Chairman of the NC shall be entitled to a second or casting vote.

The following persons shall attend NC meetings –

1. PGCEO;
2. Executive Director ("ED") Group Human Resource Division ("GHRD"); and
3. Other Board members and representatives as deemed necessary.

During the financial year ended 31 December 2014, the NC met nine (9) times, details of which are given on page 54 of the annual report.

Reports/Minutes

The approved minutes of all NC meetings shall be tabled to the Board for notation and kept by the Secretary as evidence that the NC has discharged its functions.

The Chairman of the NC shall report to the Board on significant issues after each NC meeting.

Summary of Activities

The following activities were carried out by the NC during the financial year ended 31 December 2014 –

1. Reviewed and recommended the following for Board approval –
 - Extension of service of retiring employees in key management positions;
 - New contract of service and renewal of contract of service for employees in key management positions;
 - Policy on provision of company vehicles under tool of trade;
 - Directors retiring by rotation and re-election/re-appointment to the Board;
 - Proposal on enhancements to the UMW Executive Development Programme;
 - Appointment of Directors on the Boards of companies in the Group;
 - Setting of KPIs for the PGCEO and other senior management;
 - Assessment of the performance of the PGCEO and other senior management;
 - Proposals on the appointment and promotion of senior management personnel of the Group; and
 - Manpower planning for the UMW Group of Companies.

STATEMENT ON CORPORATE GOVERNANCE

2. Conducted an assessment on the effectiveness of the Board as a whole, Board Committees, and the contribution of individual Directors and recommended improvement plans, where applicable.
3. Reviewed with management, the Employee Engagement initiatives, Leadership Assessment Framework and Job Evaluation Exercise.
5. Make recommendations to the Board after reviewing management's proposals on the following –
 - overall salary increment guidelines/limits for all non-unionised staff;
 - annual bonus limits/guidelines;
 - ex-gratia for unionised staff; and
 - remuneration/compensation, benefits and other terms and conditions of employment in line with industry standards;

C. Remuneration Committee (“RC”)

The primary objective of the RC is to assist the Board in developing the Group's remuneration policy framework and determining the remuneration package for EDs and members of the senior management of the Group.

Composition

The RC shall be appointed by the Board from amongst its Directors and shall comprise no fewer than three (3) members, all of whom must be NEDs.

The RC comprises the following –

1. Khalid bin Sufat, Independent NED (Chairman);
2. Dr. Leong Chik Weng, Non-Independent NED; and
3. Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani, Non-Independent NED.

No Alternate Director shall be appointed as a member of the RC.

The Group Secretary is also Secretary of the RC.

The salient TOR of the RC are as follows –

Responsibilities

1. Formulate the framework for remuneration and compensation of Directors covering fees, allowances and benefits-in-kind for the Board, Board Committees and the PGCEO;
2. Review the remuneration/compensation policies for members of the Board, Board Committees and the PGCEO;
3. Review and recommend to the Board the remuneration package for EDs and all executives in Job Grades 22 and above;
4. Review and approve the remuneration package for the Group Secretary;

6. Recommend the engagement of external advisors to assist and/or advise the RC on remuneration matters, where necessary; and
7. Carry out any function defined by the Board.

Authority

The RC shall have the authority to make decisions on matters which fall within its responsibilities or to submit to the Board its recommendations on matters which are within its purview, for the Board's consideration and approval.

The RC shall have the right to obtain independent professional or other advice and may request the attendance of persons at RC meetings, if necessary.

Meetings, Quorum and Procedures

The RC shall meet six (6) times a year on a scheduled basis although additional meetings may be called as and when necessary by the Chairman of the RC.

The quorum for the RC shall be two (2) members.

Each member of the RC is entitled to one (1) vote on all matters deliberated at the meeting. In the case of an equality of votes, the Chairman of the RC shall be entitled to a second or casting vote.

The following persons shall attend RC meetings –

1. PGCEO;
2. ED, GHRD; and
3. Other Board members and representatives as deemed necessary.

During the financial year ended 31 December 2014, the RC met nine (9) times, details of which are given on page 54 of the annual report.

STATEMENT ON CORPORATE GOVERNANCE

Reports/Minutes

The approved minutes of all RC meetings shall be tabled to the Board for notation and kept by the Secretary as evidence that the RC has discharged its functions.

The Chairman of the RC shall report to the Board on significant issues after each RC meeting.

D. Investment & Risk Management Committee (“IRMC”)

The primary objective of the IRMC is to assist the Board in reviewing project feasibility and financials in detail with management prior to submission to the Board for approval.

The IRMC also assists the Board in monitoring the performance of projects against original targets, and also to review possible risk factors affecting projects and recommending measures to mitigate such risks.

Composition

The IRMC shall be appointed by the Board from amongst its Directors and shall comprise no fewer than three (3) members, majority of whom must be NEDs.

The IRMC comprises the following –

1. Dr. Leong Chik Weng (Chairman);
2. Dato’ Mohd. Nizam bin Zainordin;
3. Dato’ Siow Kim Lun;
4. Tan Sri Hasmah binti Abdullah; and
5. Datuk Syed Hisham bin Syed Wazir.

No Alternate Director shall be appointed as a member of the IRMC.

The Group Secretary is also Secretary of the IRMC.

The salient TOR of the IRMC are as follows –

Responsibilities

1. Investment/Divestment

- Review and evaluate all non-motor investment and divestment proposals with management and to decide on projects to be submitted to the Board for approval, together with additional recommendations thereon, if any;

- Call for any additional information that may be required, including research or survey material or presentations from relevant external experts, make site visits, meet relevant persons connected with the project and take any other steps necessary for the purpose of gauging the long-term merits of the investment/divestment;
- Conduct periodic monitoring of all approved projects against original targets and to make periodic reports thereon to the Board;
- Recommend to the Board for continuance or termination of projects that do not meet targets for a prolonged period of time;
- Recommend to the Board any proposal for amending the present investment/divestment guidelines, policies or strategies; and
- Look into any other relevant matters including but not limited to investment/divestment proposals, as defined by the Board.

2. Risk Management

- Monitor the consistent enforcement of Enterprise Risk Management (“ERM”) policy across the UMW Group;
- Review and endorse the risk parameters, risk appetite, risk profiles, risk treatment options, risk action plans and key risk indicators;
- Provide guidance and advice on appropriateness of risk treatment option selected and risk action plans development; and
- Provide half-yearly reports to the Board on ERM.

Authority

The IRMC shall have the authority to approve any investment/divestment proposal that involves a sum of up to RM10.0 million.

The IRMC shall also have the authority to make decisions on matters specified in the Financial Limits of Authority Guidelines of the UMW Group and within the purpose and responsibilities of the IRMC.

The IRMC may, from time to time, submit to the Board its recommendation on matters which are within its purview, for the Board’s consideration and approval.

The IRMC shall have the right to obtain independent professional or other advice and may request the attendance of persons at IRMC meetings, if necessary.

STATEMENT ON CORPORATE GOVERNANCE

Meetings, Quorum and Procedures

The IRMC shall meet six (6) times a year on a scheduled basis although additional meetings may be called as and when necessary by the Chairman of the IRMC.

The quorum for the IRMC shall be two (2) members, both of whom shall be NEDs. In the absence of the Chairman, another NED shall take the Chair for the meeting.

Each member of the IRMC is entitled to one (1) vote on all matters deliberated at the meeting. In the case of an equality of votes, the Chairman of the IRMC shall be entitled to a second or casting vote.

The following persons shall attend IRMC meetings –

1. Group Chief Operating Officer;
2. ED, Group Financial Services Division;
3. ED, Group Management Services Division; and
4. Other Board members and representatives as deemed necessary.

During the financial year ended 31 December 2014, the IRMC met ten (10) times, details of which are given on page 54 of the annual report.

Reports/Minutes

The approved minutes of all IRMC meetings shall be tabled to the Board for notation and kept by the Secretary as evidence that the IRMC has discharged its functions.

The Chairman of the IRMC shall report to the Board on significant issues after each IRMC meeting.

E. Whistle-Blowing Committee (“WBC”)

The WBC was established to further strengthen the governance framework of the Group by assisting the Board in reviewing, investigating and disposing complaints received against senior management employees of the Group with the rank of ED in Job Grade 23 and above and any member of the Board.

Composition

The WBC shall be appointed by the Board from amongst its Directors and shall comprise no fewer than three (3) members, all of whom must be NEDs, with a majority of them being Independent Directors.

The WBC comprises the following –

1. Tan Sri Hasmah binti Abdullah (Chairman);
2. Dato’ Siow Kim Lun;
3. Dato’ Mohd. Nizam bin Zainordin; and
4. Khalid bin Sufat.

No Alternate Director shall be appointed as a member of the WBC.

The Head of the Group Internal Audit Division is Secretary to the WBC.

The salient TOR of the WBC are as follows –

Responsibilities

1. Receive, review and investigate complaints obtained through the whistle-blowing mechanism including disposal of complaints received against any member of the senior management of the Group in Grades 23 and above and any member of the Board;
2. Designate an Investigating Officer (“IO”) to investigate any complaints received through the whistle-blowing mechanism and to supervise the IO;
3. Discuss the investigation reports prepared by the IO and to make appropriate recommendations to the Board for further action, where applicable; and
4. Carry out any other function defined by the Board.

Authority

The WBC shall have the authority to –

1. Carry out its duties and responsibilities as guided by the Whistle-Blowing Policy and General Guidelines of the Group;
2. Seek, obtain and access any information it requires from any employee of the Group in order to perform its duties;
3. Obtain, at the Company’s or the Group’s expense, external legal or professional advice on any matter within its TOR; and
4. Call any employee to be questioned at a meeting of the WBC as and when required.

STATEMENT ON CORPORATE GOVERNANCE

The WBC may, from time to time, submit to the Board its recommendations on matters which are within its purview, for the Board's consideration and approval.

Procedures for Dealing with Complaints

All complaints must be directed to –

1. Chairman of the Board of the Company or the Chairman or members of WBC; and
2. Complaints must be either in writing duly signed by the whistle-blower or verbally in person by the whistle-blower.

The procedures on disclosure of any wrongdoing by a whistle-blower are stipulated in the Whistle-Blowing Policy and General Guidelines of the Group.

Meetings, Quorum and Procedures

The WBC shall meet once a year although additional meetings may be called as and when necessary by the Chairman of the WBC.

The quorum for the WBC shall be two (2) members.

Each member of the WBC is entitled to one (1) vote on all matters deliberated at the meeting. In the case of an equality of votes, the Chairman of the WBC shall be entitled to a second or casting vote.

The Chairman of the Management Whistle-Blowing Committee ("Management WBC") shall attend WBC meetings and to update the WBC on all complaints received, and findings and actions taken at the Management WBC level.

There was one (1) WBC meeting in the year under review.

Reports/Minutes

The IO will prepare a report on the outcome of any investigation made for each member of the WBC for deliberation and decision. After deliberation and decision by the WBC, the Secretary of the WBC will prepare a report to be circulated to all members of the Board for information or action of the Board as the case may be.

The approved minutes of all WBC meetings will be kept by the Secretary of the WBC as evidence that the WBC has deliberated and disposed of each legitimate complaint made to the WBC.

The Chairman of the WBC will report to the Board on the recommendations made by the WBC and the Board will, upon receiving the recommendation from the WBC, have the final decision on the matter raised.

Board Committee Meeting Attendance

The commitment and dedication of members of the Board in ensuring effective discharge of their duties and responsibilities are reflected by the higher number of Board and Board Committee meetings held during the financial year ended 31 December 2014. The Board is satisfied with the commitment given by the Directors in fulfilling their roles and responsibilities in the year under review.

The attendance of Directors at Board Committee meetings held in the financial year ended 31 December 2014 is set out below –

Directors	AC		NC		RC		IRMC		WBC	
	No. of Meetings Attended	(%)	No. of Meetings Attended	(%)	No. of Meetings Attended	(%)	No. of Meetings Attended	(%)	No. of Meetings Attended	(%)
Non-Independent Non-Executive										
Dr. Leong Chik Weng			8/9	89	8/9	89	10/10	100		
Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani					9/9	100				
Dato' Mohd. Nizam bin Zainordin	10/10	100					10/10	100	1/1	100
Independent Non-Executive										
Dato' Siow Kim Lun	10/10	100	9/9	100			10/10	100	1/1	100
Khalid bin Sufat	9/10	90	9/9	100	9/9	100			1/1	100
Tan Sri Hasmah binti Abdullah	10/10	100					10/10	100	1/1	100
Non-Independent Executive										
Datuk Syed Hisham bin Syed Wazir							9/10	90		

STATEMENT ON CORPORATE GOVERNANCE

Recommendation 1.3

The Board should formalise ethical standards through a code of conduct and ensure its compliance

Directors' Code of Ethics

The Directors' Code of Ethics was adopted by the UMW Board on 21 August 2009. It has been adapted from the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and the CA, 1965. The principles on which the Code of Ethics relies are those that concern transparency, integrity, accountability and corporate social responsibility. Being a Government-Linked Company ("GLC"), the Code of Ethics complements the main policy thrusts of the GLC Transformation Manual launched on 29 July 2005 by the Putrajaya Committee of GLC High Performance.

UMW Code of Business Conduct and Ethics

The UMW Code of Business Conduct and Ethics incorporates the Group's stance with regard to integrity in business conduct. One of the objectives of the UMW Code of Business Conduct and Ethics is to clearly state how UMW employees should conduct themselves in managing UMW's business affairs which include among others, confidentiality of information and dealings in securities. It also details and warns against undesired conduct such as conflict of interest, offering or receiving bribes, dishonest conduct, anti-competitive practices and sexual harassment. Employees are to be driven by UMW values, i.e., "Honour" where they are to continuously display integrity and trust when managing stakeholders, customers, suppliers, vendors and contractors.

UMW Integrity Unit ("UIU")

In support of the National Integrity Initiatives, the UIU was established in 2014 to further enhance our CG practices and business ethics. The UIU reports directly to the Integrity Committee Chairperson, Tan Sri Hasmah binti Abdullah. The UMW Integrity Framework and programme are being finalised to build up an integrity culture within the UMW Group through the implementation of objectives related to strategies and programmes in tandem with the National Integrity Plan.

Internal Controls

The Group continues to maintain and review its internal control procedures to ensure a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The internal control system is designed to meet the Group's particular needs and to manage the risks that may impede the achievement of the Group's business objectives. The system, by its nature, cannot eliminate risks but can provide only reasonable and not absolute assurance against material misstatement or loss.

The Directors and management acknowledge their responsibility towards maintaining strong internal controls for the Group covering financial, operational and compliance controls as well as risk management, and for reviewing the adequacy and integrity of the system. An affirmation ceremony to affirm management's responsibility and commitment towards maintaining strong internal controls of the Group's business operations was held in the year under review.

The Management Control Policy introduced on 2 April 2008 reflects that control is a function of the management and plays an integral part of the overall process of managing operations of the Group. The Policy provides the Board with reasonable assurance that the following are adhered to –

1. Data and information published either for internal or external consumption is accurate, reliable and timely;
2. The actions of Directors, officers and employees are in compliance with established policies, standards, plans and procedures, and all relevant laws and regulations;
3. The organisation's resources (including its people, systems, data/information bases and customer goodwill) are adequately protected;
4. Resources are acquired economically and employed profitably and quality business processes and continuous improvement are emphasised; and
5. The organisation's plans, programmes, goals and objectives are achieved.

Whistle-Blowing Policy and General Guidelines

In line with the Board's commitment to maintain the highest possible standard of professionalism, ethics and legal conduct in the Group's business activities, a Whistle-Blowing Policy and General Guidelines was adopted on 20 May 2009. This policy welcomes disclosures of suspected wrongdoings that include mismanagement, malpractices, corrupt practices, fraud and abuse of power or breach of any laws and regulations by any member of the Board, management or employees. This policy provides employees with an accessible avenue to report wrongdoings in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate matter and without fear of reprisal.

STATEMENT ON CORPORATE GOVERNANCE

Recommendation 1.4

The Board should ensure that the Company's strategies promote sustainability

As part of the Company's call to promote a sustainability programme, the UMW Bumiputera Agenda Committee ("UBAC") was established in 2014 for the purpose of Bumiputera Economic Empowerment and fixing of GLC Bumiputera Agenda ("BA") KPIs. The UBAC was tasked to look into the BA cohesively from the UMW Group's perspective and drive any necessary initiatives to achieve these objectives. The UBAC also oversees the BA holistically, encompassing areas of procurement, human capital, dealerships/distributorships, ownership of non-financial assets, disposals/carve-outs, etc.

UMW also promotes good CG in the application of sustainability practices within the Group. Sustainability strategies are inculcated in the UMW Group's Sustainability Programmes which include Corporate Social Responsibility ("CSR") Programmes, taking into consideration various short/medium-to-long-term sustainable programmes to protect the environment, economic and social interests.

Details of UMW's CSR Reports and Sustainability Programmes are published on the Company's website at www.umw.com.my

Recommendation 1.5

The Board should have procedures to allow its members access to information and advice

The Board has direct access to management for complete and unrestricted information pertaining to the Group's business and affairs necessary for the effective discharge of its responsibilities.

Management is responsible for providing the Board with timely, accurate and quality information and in a form and manner appropriate for the Board to discharge its duties effectively. The Directors may request for additional information or clarification from management, particularly in respect of complex and technical issues to be tabled to the Board.

All Directors are provided with comprehensive Board papers containing management reports and proposal papers at least five (5) working days before Board meetings to enable them to review and consider the agenda items to be discussed. In addition, there is a schedule of matters reserved specifically for the Board's decision.

Members of the Group's senior management and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the agenda. Where necessary, management briefs Board members individually before certain matters are discussed at Board meetings.

Minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meetings. The Directors may request for further clarification or raise comments on the minutes prior to confirmation of the minutes as correct records of the Board's proceedings.

The Board has access to obtain independent professional advice, where necessary, for proper discharge of their duties and at the Group's expense. Heads of operations are required to make presentations on proposal papers and brief/update Board members on operational issues from time to time to enable Directors to discharge their duties more effectively.

Recommendation 1.6

The Board should ensure it is supported by a suitably qualified and competent Company Secretary

Directors have individual and unrestricted access to the advice and services of the Group Secretary to facilitate the discharge of their duties.

The Group Secretary is qualified to act as Company Secretary under Section 139A of the CA, 1965. She is responsible for ensuring that the secretarial function provides adequate support to the Board, FBs and Board Committees for all Board-related functions. The seniority, experience and group-wide knowledge of the Group Secretary are instrumental in serving the Group's governance needs. The Group Secretary plays an advisory role to the Board in relation to compliance with relevant laws, rules, regulations and governance best practices, boardroom effectiveness and Directors' duties and responsibilities. She also ensures that deliberations at meetings of the Board and committees of the Board are properly captured, minuted and communicated to relevant management for necessary action.

The Group Secretary is adequately supported by a team of qualified governance staff from the Group Secretarial/Corporate Governance Division to ensure implementation and monitoring of CG best practices throughout the Group.

STATEMENT ON CORPORATE GOVERNANCE

Recommendation 1.7

The Board should formalise, periodically review and make public its Board Charter

The Company's Board Charter is aimed at ensuring that all Directors acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct. It also ensures that the principles and practices of good CG are applied in all their dealings in respect of and on behalf of the Company.

The Directors of all operating subsidiaries in the Group constantly adhere to the Code of Ethics and Board Charter which provide guidance to Directors to recognise and manage ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability.

During the year under review, the Board approved a further revision to the Board Charter incorporating amendments to the MMLR.

A copy of the Board Charter is published on the Company's website at www.umw.com.my

PRINCIPLE 2 : STRENGTHEN COMPOSITION

Recommendation 2.1

The Board should establish a Nominating Committee which should comprise exclusively of non-executive Directors, a majority of whom must be independent

The NC, which comprises exclusively NEDs, the majority being independent, is empowered to recommend to the Board, nominees qualified to serve on the Board (including the PGCEO) and Board Committees, and the Group's key management personnel. The NC also oversees the evaluation of the Board and Board Committees and of individual Directors. The establishment of KPIs of senior executives are also under the purview of the NC.

Further information on the scope and activities of the NC can be found in the Statement on Corporate Governance on pages 49 to 51.

Recommendation 2.2

The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NC. In making these recommendations, the NC will consider the required mix of skills, experience and other qualities of the Board including gender diversity, ethnicity and age, where appropriate, and

core competencies which the Directors should bring to the Board. The Group does not practice gender, ethnicity or age discrimination, neither at the board level nor at the management level. There is already women representation on the Board as well as on the management and the boards of subsidiary companies.

In line with the Government's policy on having 30% women on the Board, the Group will endeavour to increase women representation on its Board, as the Board recognises the benefits that diversity in gender can bring to the decision-making process. Nominations may come from a wide variety of sources, including Directors' pool, senior employees of the Group, shareholders, industry associations, recruiting firms and others.

Selection process for Directors

The selection process shall apply as follows –

1. Potential candidates are referred to the NC for consideration by the NC and subsequently for recommendation to the Board;
2. The NC will determine appropriate means for seeking additional candidates, including engagement of outside consultants to assist the NC in identifying candidates;
3. Shareholders who wish to suggest candidates should submit their suggestions in writing to the Chairman of the Board, NC, PGCEO or Group Secretary providing relevant information about the candidates;
4. The NC shall decide on the appropriate means for the review and approval of individual candidates. In the event of a vacancy, the members of the NC shall initiate efforts to identify appropriate candidates; and
5. In formulating its recommendation, the NC will consider not only the findings and conclusion of its evaluation process, but also the current composition of the Board, the attributes and qualifications that should be represented at the Board and the recommendations of the principles and practices of the MCCG 2012.

All newly-appointed Directors will undergo a comprehensive induction programme with the objective of providing an overview of the Company's vision and mission, its philosophy, corporate culture and nature of business, corporate strategy, current issues and the long-term targets of the Group. Specific briefings on operations and plant visits, including overseas plant visits whenever necessary, are also conducted. A familiarisation programme on the Group's businesses and CG practices is arranged for new Directors upon their appointment to facilitate effective discharge of their duties.

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The responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed rests with the Group Secretary. The Group Secretary ensures that all appointments are properly made, that all necessary information is obtained from the Directors, both for the Company's own records and for purposes of meeting statutory and regulatory requirements.

Re-election/Re-appointment of Directors

Article 109 of the Articles of Association of the Company stipulates that Directors appointed to the Board for the first time are subject to mandatory retirement at the next AGM following their appointment. Article 123 of the Articles of Association further provides that at least one-third of the Directors shall be subject to retirement by rotation at each AGM.

In this regard, the NC has recommended the re-election of the following Directors, who are subject to retirement at the forthcoming AGM under Article 123 of the Company's Articles of Association –

1. Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani;
2. Dato' Siow Kim Lun; and
3. Khalid bin Sufat.

The Board has adopted a retirement age policy for Directors, guided in general by the CA, 1965 and the GLC Transformation Manual which stipulate that the age limit for Directors is seventy (70) years. Nevertheless, the Board may use its discretion to extend the services of a Director beyond the term of this policy.

Accordingly, Tan Sri Asmat bin Kamaludin, who has attained the age of seventy (70) years, will retire at the forthcoming AGM and being eligible, has offered himself for re-appointment. The proposed re-appointment of Tan Sri Asmat bin Kamaludin is also recommended by the NC.

Board Performance Evaluation

The Board has entrusted the NC with the responsibility of annually reviewing the required mix of skills, attributes and core competencies of its Directors. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the effectiveness of each Director, including the Chairman.

In reviewing the performance of the Board and the contribution of the Chairman and individual Directors, performance will be assessed and measured against amongst others, the Group's strategic plan, principle duties expected of the Board, the Chairman and individual

Directors, obligations to support management, available expertise, governance factors, commitment, knowledge of the industry and team contribution.

The evaluation process will take into account whether –

1. NEDs have adequate time to spend on matters pertaining to the Company's operations;
2. Full consideration has been given to succession planning, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed in the Board in the future;
3. Review of the structure, size and composition (including the skills, knowledge and experience) and gender diversity, ethnicity and age of the Board has been undertaken and changes recommended to the Board;
4. Appropriate recommendations have been made to the Board on the re-election/re-appointment of NEDs; and
5. Leadership needs of the organisation, both executive and non-executive, have been reviewed.

All Directors are required to evaluate the performance and contribution of each member of the Board including the Chairman. In considering candidates as potential Directors, the NC takes into account the following criteria –

- Skills, knowledge, expertise and experience;
- Time commitment, character, professionalism and integrity;
- Perceived ability to work cohesively with other members of the Board;
- Specialist knowledge or technical skills in line with the Group's strategy;
- Diversity in age, gender and ethnicity and experience/background; and
- Number of directorships in companies outside the Group.

The findings of the evaluation are summarised and presented to the NC. The Chairman of the NC will subsequently meet with the Chairman of the Board to discuss the findings and results of the overall evaluation of the Board, the Board Committees and individual Directors, including recommending areas of continuous improvement, if necessary. The overall results of the evaluation conducted and improvements recommended are presented at the Board meeting. The report on the overall evaluation of the Board and

STATEMENT ON CORPORATE GOVERNANCE

Board Committees is given to Directors for their information. The PGCEO is also evaluated based on his capacity as Board and Board Committee member.

The NC conducted a formal assessment of the effectiveness of the Board and Board Committees as well as individual Directors for the financial year ended 31 December 2014.

Recommendation 2.3

The Board should establish formal and transparent remuneration policies and procedures to attract and retain Directors

In line with the MCCG 2012, the Company aims to set remuneration for Directors at levels which are sufficient to attract and retain persons of calibre to guide the Group successfully, taking into consideration factors including functions, workload and responsibilities and liabilities involved.

The RC is responsible for reviewing and recommending to the Board, EDs' remuneration in line with the responsibilities and contributions made by them for the year. The RC may appoint external advisers or consultants to advise on specific areas where necessary. The Board as a whole determines the remuneration of NEDs.

All Directors, executive and non-executive, abstain from deliberations and voting on decisions in respect of their individual remuneration. A formal review of Directors' remuneration is undertaken once every two (2) years in accordance with the Board Charter.

In the case of NEDs, the remuneration structure reflects the level of responsibilities undertaken and contributions made by them. Currently, NEDs are paid Directors' fees and attendance allowance for each Board/Committee meeting they attend. In addition, all NEDs are entitled to certain benefits-in-kind such as Company car, medical coverage worldwide, personal accident insurance coverage and bill subsidy. The Chairman of the Board who is a NED, is also entitled to leave passage and club membership.

The remuneration of EDs includes salary and emoluments, bonus and benefits-in-kind. The level of remuneration for EDs is benchmarked against compensation levels for similar positions among other Malaysian public-listed companies within the same industry.

The Company is also cognisant of the compensation philosophy advocated by the Putrajaya Committee on GLC High Performance, which suggests that GLC Boards should regularly review the compensation of their Chairman and Directors and align them to the 50th percentile of an appropriate peer group.

The Directors' aggregate remuneration for the financial year ended 31 December 2014, distinguishing between ED and NED, is as follows –

Category of Directors	RM'000
Executive Director	
• Salaries and other emoluments	1,862
• Defined contribution plan	279
• Benefits-in-kind	113
Total	2,254
Non-Executive Directors	
• Fees	1,000
• Other emoluments	338
• Benefits-in-kind	277
Total	1,615

Range of Remuneration	Executive Directors	Non-Executive Directors
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	-	5
RM300,001 - RM350,000	-	1
RM700,001 - RM750,000	-	1
RM2,250,001 - RM2,300,000	1	-

The RC also reviews and recommends to the Board the remuneration of senior management employees of the Group based on individual contribution, performance and responsibilities.

Directors & Officers ("D&O") Liability Insurance

In addition to the above, the Directors have the benefit of D&O Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of UMW. However, the said insurance policy does not indemnify a Director or Officer if he or she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his or her duty or trust.

PRINCIPLE 3 : REINFORCE INDEPENDENCE

Recommendation 3.1

The Board should undertake an assessment of its Independent Directors annually

The Board has entrusted the NC with the responsibility of assessing the effectiveness of the Board as a whole, which also includes the Independent Directors. Based on the assessment conducted in 2014, the Board, on the recommendation of the NC, is satisfied with the level of independence of the NEDs and their ability to act in the best interests of the Company.

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Recommendation 3.2

The tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director

In line with the recommendation of MCCG 2012, the Board has implemented a nine-year policy for Independent NEDs, which has been incorporated in the Board Charter. All Independent NEDs have served the Board for less than nine (9) years.

Recommendation 3.3

The Board must justify and seek shareholders' approval in the event it retains an Independent Director, a person who has served in that capacity for more than nine years

Currently, none of the Independent NEDs of the Company has served the Board for more than nine (9) years from the date of appointment.

The Board has adopted the policy under its Board Charter requiring Independent Directors exceeding a cumulative tenure of nine (9) years to be approved by shareholders in the event the Director wishes to continue to serve as an Independent Director. Alternatively, the Director may continue to serve on the Board subject to re-designation as Non-Independent Director.

Recommendation 3.4

The positions of Chairman and CEO should be held by different individuals, and the Chairman must be a non-executive member of the Board

The Board has put in place a separation of duties and responsibilities between the Chairman and the PGCEO to ensure a clear segregation of responsibility and accountability, proper balance of authority and greater capacity for independent decision-making. The clear division of responsibilities allows the Chairman to assume the formal role of an independent leader in setting the policy framework of the Group and effective conduct of the Board. He ensures and facilitates the flow of information between management and the Board and that information relating to issues on the agenda is disseminated to all Directors well before deliberation at Board meetings.

Recommendation 3.5

The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director

The Board consists of nine (9) members, comprising eight (8) NEDs, including the Group Chairman, and one (1) ED designated as PGCEO.

The Group Chairman, Tan Sri Asmat bin Kamaludin, being a nominee of Permodalan Nasional Berhad, has been a Non-Independent NED since his appointment to the Board on 20 February 2001. As the Chairman is Non-Independent and in compliance with the recommendation in MCCG 2012 relating to Board membership being majority Independent Directors, UMW will endeavour to increase the number of Independent Directors on the Board as advocated by MCCG 2012.

For a few years now, Dato' Siow Kim Lun has played his role as Senior Independent NED and together with other Independent Directors on the Board, they have fulfilled the pivotal roles in corporate accountability by providing independent views, advice and judgement. This is to ensure balanced and unbiased decision-making process without being subordinated to operational considerations.

Shareholders and other interested parties may convey all concerns relating to the Group to Dato' Siow Kim Lun via his email address at kimlun22@gmail.com

PRINCIPLE 4 : FOSTER COMMITMENT

Recommendation 4.1

The Board should set out expectations on time commitment for its members and protocols for accepting new directorships

Time Commitment

To facilitate Directors' planning, meetings of the Board, Board Committees and Shareholders are scheduled in advance at the beginning of the fourth quarter of each preceding year. The Board meets at least once every quarter with additional meetings convened as Special Board meetings as and when situations require urgent Board deliberation and decision.

The commitment and dedication of Board members in ensuring effective discharge of their duties and responsibilities are reflected by the number of Board meetings held during the financial year ended 31 December 2014. Directors also devote time to participate in Company events. The Board is satisfied with the commitment given by the Directors in fulfilling their roles and responsibilities during the year under review.

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Board Meetings

A total of thirteen (13) Board meetings were held during the year under review to deliberate on business performance reports of the Company and its major subsidiaries and associated companies, evaluate the feasibility of business propositions and corporate proposals, prevailing economic issues, risk management, strategies and direction, and standards of conduct and compliance by the Group.

All Directors complied with Paragraph 15.05(3)(c) of the MMLR which states that the office of a Director will become vacant if the Director is absent from more than 50% of the total Board meetings held during a financial year.

From time to time, the Company's Board meetings are held at locations within the Group's business operations to give Directors a better perspective of the Group's businesses and to improve their understanding of the operations.

Board Meeting Attendance

The attendance of Directors at Board meetings held in the financial year ended 31 December 2014 is set out below –

Director	No. of Meetings Attended	%
Non-Independent Non-Executive		
Tan Sri Asmat bin Kamaludin	12/13	92
Dr. Leong Chik Weng	13/13	100
Datuk Dr. Nik Norzrul Thani bin N. Hassan Thani	13/13	100
Dato' Mohd. Nizam bin Zainordin	13/13	100
Rohaya binti Mohammad Yusof	13/13	100
Independent Non-Executive		
Dato' Siow Kim Lun	13/13	100
Khalid bin Sufat	12/13	92
Tan Sri Hasmah binti Abdullah	11/13	85
Non-Independent Executive		
Datuk Syed Hisham bin Syed Wazir	13/13	100

Protocols for Accepting New Directorships

The Directors are required to declare their directorships and/or interests in other public or private companies upon appointment as a Board member in the UMW Group. A similar declaration is also made on an annual basis.

The Company has also adopted a procedure which allows any Director, while holding office, to accept other board appointments outside the Group. The Director must first notify the NC of any new external directorships to obtain its endorsement. The Board is subsequently notified of the appointment at the first Board meeting held after receipt of such notification. In addition, Directors also notify the Company of any subsequent change in their directorships and/or interests in such companies.

Our Directors also comply with Paragraph 15.06 of the MMLR with regard to holding not more than five directorships in public-listed companies during the year under review, to ensure that they have sufficient time to focus on the affairs of the Company.

Recommendation 4.2

The Board should ensure its members have access to appropriate continuing education programmes

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities for Directors of public-listed companies.

The Board is mindful of the need for Directors to attend continuous education programmes to keep them abreast of new developments pertaining to legislations, regulations, current commercial issues and changing commercial risks that may affect business operations and compliance matters. Appropriate training and education programmes are identified and arranged for Directors' participation from time to time to further enhance their skills and knowledge, and the Company allocates a dedicated training budget to support the continuous development of the Directors.

The Group Secretary facilitates in organising training programmes, briefings, workshops and seminars for Directors. Whenever required, Directors may request for training programmes on specific subjects to facilitate them in discharging their duties effectively.

The development and training programmes attended by the Directors, including their participation as distinguished speakers at local and international conventions in 2014 are as follows –

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Name of Director	Training/Seminar/ Conference Attended	Date Held	Organiser/Co-ordinator	Total Attended
Tan Sri Asmat bin Kamaludin	2014 Malaysian Accounting Standards Board ("MASB") Roundtable on Financial Reporting	06/02/2014	MASB	8
	Corporate Directors Advanced Programme ("CDAP") 2014 - Strategy & Risks - Managing Uncertainty	12/03/2014 to 13/03/2014	Malaysian Directors Academy ("MINDA")	
	Internal Capital Adequacy Assessment Process ("ICAAP") Meeting	21/03/2014	Institute of Bankers Malaysia	
	Introduction to Drilling Activities - Luncheon Talk	24/03/2014	UMW Oil & Gas Corporation Berhad ("UMW-OG")	
	Advocacy Session on Corporate Disclosure	06/05/2014	Bursa Malaysia	
	Dialogue Session with Nomination Committee Members	20/05/2014	Bank Negara Malaysia ("BNM")	
	Global Competitiveness and the Malaysian Experience	08/09/2014	Permodalan Nasional Berhad ("PNB")	
	Investment Series	10/10/2014	PNB	
Datuk Syed Hisham bin Syed Wazir	PNB Nominee Directors' Convention 2014 - Managing Stakeholders' Expectations in the Fast Changing Business Trends Towards Value Creation	18/02/2014	PNB Investment Institute Sdn. Berhad ("PNBi")	8
	Advocacy on Corporate Disclosure	18/03/2014	Bursa Malaysia	
	CDAP 2014 - Financial Language in the Boardroom	09/06/2014 to 10/06/2014	MINDA	
	Business Leaders' Dialogue with the Prime Minister	28/08/2014	Securities Commission	
	Board Risk Intelligence 2014	03/09/2014 to 04/09/2014	UMW-OG	
	Asean Business Club Seminar	08/09/2014 to 10/09/2014	Asean Business Club	
	Annual Asean Corporate Governance Summit 2014	01/10/2014 to 02/10/2014	Malaysian Institute of Corporate Governance and Federation of Public Listed Companies Berhad	
	Asean Business Club Seminar	01/12/2014	Asean Business Club	

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Name of Director	Training/Seminar/ Conference Attended	Date Held	Organiser/Co-ordinator	Total Attended
Dr. Leong Chik Weng	Offshore Technology Conference (OTC) - 2014	05/05/2014 to 08/05/2014	MATRADE and Malaysia Petroleum Resources Corporation	3
	Great Companies Deserve Great Boards and Great Boards Leading The Way For Highly Innovative Companies	08/10/2014	PNB and PNBi	
	The 5th International Greentech & Eco Products and Exhibition & Conference Malaysia "Creating Green Wealth" - Green Insights Sessions	17/10/2014	IGEM2014 Project Secretariat	
Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani	Asian Institute of Finance's ("AIF") Distinguished Speaker Series 2014 - Renewable Energy Development through Project Finance	15/01/2014	AIF	9
	Roundtable discussion on Development of Waqf Properties in Malaysia	21/01/2014	International Centre for Education in Islamic Finance	
	The 8th Conference of the Prosecutors-General of China and Attorneys-General and the ASEAN Countries - Panel for "Country Focus - New Frontiers, New Opportunities for Islamic Finance"	22/01/2014	Attorney General's Chambers	
	Harmonisation of Islamic Finance Law and Civil Banking Practice	19/02/2014	Akademi Pengajian Islam, Universiti Malaya	
	The Learning Conference - Islamic Banking Finance Law (IBLF) 2014 - Harmonisation of Islamic Finance Law and Civil Banking Practice	19/02/2014 to 20/02/2014	Malaysian Current Law Journal and Bar Council Malaysia	
	Expanding Islamic Finance Frontier in the 21st Century	20/02/2014	BNM	
	Joint Conference on Islamic Fund Raising - Structuring Sukuk	14/04/2014	BNM and Hong Kong Monetary Authority	
	Convention on Islamic Finance - Syariah and Regulatory Issues - Challenges and the Way Forward	24/05/2014	Universiti Sains Islam Malaysia	
	IFN Asia Forum - Asian Regulatory Roundtable: Driving Growth through Effective Regulatory Environments	26/05/2014 to 27/05/2014	REDmoney	

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Name of Director	Training/Seminar/ Conference Attended	Date Held	Organiser/Co-ordinator	Total Attended
Dato' Siow Kim Lun	2014 Audit Committee Conference - Stepping Up for Better Governance	20/03/2014	Malaysian Institute of Accountants ("MIA")	6
	Talk on Board Talent	16/06/2014	ICLIF/FIDE	
	Triple Crown Leadership - Building Excellent, Ethical and Enduring Organisations	18/06/2014	MINDA	
	Great Companies Deserve Great Boards and Great Boards Leading The Way For Highly Innovative Companies	08/10/2014	PNB and PNBi	
	Risk Management & Internal Control	14/10/2014	Bursa Malaysia	
	Talk on Cyber Security	11/11/2014	Audit Committee Institute, KPMG	
Dato' Mohd. Nizam bin Zainordin	Preparation for the Implementation of GST - Implementation for Government Sector and the Public	20/02/2014	PNB	7
	Property Investment Analysis Workshop	05/03/2014	PNB	
	2014 Audit Committee Conference - Stepping Up for Better Governance	20/03/2014	MIA	
	Anti-Money Laundering and Anti-Terrorism Financing Seminar for Directors and Senior Management	29/05/2014	PNB	
	National Tax Conference 2014 - Taxation: Harnessing Synergies Towards Sustainable Growth	12/08/2014 to 13/08/2014	Lembaga Hasil Dalam Negeri and Chartered Tax Institute of Malaysia	
	Great Companies Deserve Great Boards and Great Boards Leading The Way For Highly Innovative Companies	08/10/2014	PNB and PNBi	
	MIA International Accountants Conference 2014	04/11/2014 to 05/11/2014	MIA	

STATEMENT ON CORPORATE GOVERNANCE

Name of Director	Training/Seminar/ Conference Attended	Date Held	Organiser/Co-ordinator	Total Attended
Khalid bin Sufat	PNB Nominee Directors' Convention 2014 - Managing Stakeholders' Expectations in the Fast Changing Business Trends Towards Value Creation	18/02/2014	PNB and PNB <i>i</i>	5
	Corporate Integrity	02/04/2014	Chemical Company of Malaysia Berhad Group	
	Global Competitiveness and the Malaysian Experience	08/09/2014	PNB and PNB <i>i</i>	
	Great Companies Deserve Great Boards and Great Boards Leading the Way for Highly Innovative Companies	08/10/2014	PNB and PNB <i>i</i>	
	MIA International Accountants Conference 2014	04/11/2014 to 05/11/2014	MIA	
Rohaya binti Mohammad Yusof	CIMB Asean Domestic Bond Markets Round Table Series	03/04/2014	CIMB	7
	Innovative & Creative Circle Programme (ICC)	05/05/2014	KWSP	
	CIMB 4th Annual Asia-Pacific Conference @ Invest Malaysia Leading Leaders Programme	09/06/2014	CIMB	
	International Seminar - Demographic Changes Recognising the Challenge & Opportunities	08/09/2014	KWSP	
	Malaysian Private Equity Forum	09/09/2014	KWSP	
	Asean Fixed Income Summit	29/09/2014	BNM	
	Leadership at the Peak in Singapore	01/12/2014 to 05/12/2014	Program Pembangunan Bakat (KWSP)	
Tan Sri Hasmah binti Abdullah	CDAP - Strategy & Risks - Managing Uncertainty	12/03/2014 to 13/03/2014	MINDA	6
	2014 Audit Committee Conference - Stepping Up for Better Governance	20/03/2014	MIA	
	CDAP - Financial Language in the Boardroom	09/06/2014 to 10/06/2014	MINDA	
	CDAP - Ethics in Business - Creating Sustainable Value	11/08/2014 to 12/08/2014	MINDA	
	Appreciation & Application of ASEAN Corporate Governance Scorecard	07/10/2014	MSWG	
	Women Director Convention - Leveraging Diversity for Performance	09/12/2014	Ministry of Women, Family and Community Development	

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Recommendation 5.1

The Audit Committee (“AC”) should ensure financial statements comply with applicable financial reporting standards

In presenting the annual financial statements and quarterly announcements to Bursa Securities and all disclosures to shareholders, the Board is fully committed to providing a clear, balanced and comprehensible assessment of the Group’s financial performance and its future prospects. The AC assists the Board in overseeing the financial reporting process and ensuring the quality of the financial reporting by the Group. The AC reviews and monitors the accuracy and integrity of the Group’s annual and quarterly financial statements. The AC also assists the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

The Board is fully accountable for ensuring that the financial statements of each financial year are prepared in accordance with applicable approved Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the CA, 1965 and the MMLR. It is also the responsibility of the Board to ensure that the financial statements represent a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements the Directors have –

1. Adopted appropriate accounting policies and applied them consistently;
2. Made judgements and estimates that are reasonable and prudent;
3. Ensured that all applicable financial accounting standards have been followed; and
4. Prepared financial statements on a going concern basis, having made due enquiries that the Group and the Company have adequate resources to continue operations in the foreseeable future.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Recommendation 5.2

The AC should have policies and procedures to assess the suitability and independence of external auditors

The Group maintains an active and transparent relationship with its auditors, both external and internal, through the AC.

The AC assesses the suitability and independence of the external auditors and having satisfied itself with their performance and effectiveness, the AC will recommend their re-appointment to the Board, upon which shareholders’ approval will be sought at the AGM. The AC was satisfied with the external auditors’ technical competency and audit independence.

The AC also receives written confirmation from the external auditors that they are throughout the conduct of the audit engagement, independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the MIA. Services provided by the external auditors include statutory audit and other services. The terms of engagement for services of external auditors are reviewed by the AC and approved by the Board.

The breakdown of annual audit and other fees paid to the external auditors for the financial year ended 31 December 2014 is as follows –

	Company (RM’000)	Group (RM’000)
Fees paid to principal auditors		
• Statutory Audit	182	2,707
• Other Services*	48	1,269
Fees paid to other auditors		
• Statutory Audit	-	511
• Other Services*	-	-
Total	230	4,487

*Note: *Tax fee and consultancy/advisory services*

The Group’s external auditors are invited to attend AC meetings when deemed necessary. The AC meets the external auditors at least twice a year without the presence of management to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. Apart from this, the external auditors are also invited to attend the AGM of the Company.

The role of the AC in relation to both external and internal auditors is set out in the AC Report on page 26 of this annual report.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS

Recommendation 6.1

The Board should establish a sound framework to manage risks

UMW has adopted a risk management framework in line with the Principles and Guidelines of ISO 31000: Risk Management. The framework incorporates a well-structured systematic process to identify, analyse and manage risks to an acceptable level for the achievement of UMW's strategic objectives. There is a clear categorisation used by individual operating companies and corporate divisions for risk appetite and individual risks are measured against set tolerance levels.

The IRMC monitors the consistent enforcement of the ERM policy. It also reviews and endorses the risk parameters, risk appetite, risk profiles as well as risk action plans.

The Statement on Risk Management and Internal Control, which provides an overview of the state of the risk management and internal control system of the Group is set out on pages 69 to 73 of the annual report.

Recommendation 6.2

The Board should establish an internal audit function which reports directly to the Audit Committee

The internal audit function is performed in-house by the Group Internal Audit Division ("GIAD"). The division audits internal control practices and reports significant findings to the AC together with recommended corrective actions. Management is responsible for ensuring that the corrective actions are undertaken within an appropriate time frame.

Details of the internal audit function are set out in the AC Report on page 27 of the annual report.

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Recommendation 7.1

The Board should ensure the company has appropriate corporate disclosure policies and procedures

The Board has always recognised the importance of accurate and timely dissemination of information to shareholders and investors, existing and potential, about the Group's operations, strategies, performance and prospects to maintain credibility and build stronger relationships with the investment community. This is achieved through a comprehensive annual report, accurate and timely disclosures and announcements to Bursa Securities, distribution of circulars and press releases and also conducting

dialogues and briefings with/for analysts, fund managers, potential investors, locally and abroad, and shareholders from time to time. The Company has participated in various road shows to update institutional investors based in Malaysia and abroad during the year under review.

All communications with the media/public and disclosures made to Bursa Securities are in accordance with the UMW Corporate Disclosure Policy and Procedures and the disclosure requirements of the MMLR. Confidential information is restricted to top management only. The Group Chairman, PGCEO, Group Chief Operating Officer, President of UMW-OG and selected members of top management are responsible for making disclosures and responding to market rumours and queries.

Contacts for Investor Relations Matters

No.	Name	Designation	Contact Details
1.	Datuk Syed Hisham bin Syed Wazir	PGCEO	(603) 5163 5006 syedhisham@umw.com.my
2.	Dr. Wafi Nazrin bin Abdul Hamid	ED, Group Management Services Division	(603) 5163 5054 wafi@umw.com.my
3.	S. Vikneshwaran a/l Sathasivan	Head, Investor & Media Relations	(603) 5163 5044 vikneshwaran.s@umw.com.my

Recommendation 7.2

The Board should encourage the company to leverage on information technology for effective dissemination of information

The Company's website at www.umw.com.my provides easy access to corporate information pertaining to the Group and its activities. Quarterly Investor Relations ("IR") Updates and information on financial results and material events are uploaded on the UMW website immediately after announcements on the same are made to Bursa Securities. The IR Updates provide detailed analysis of the Group's quarterly operations, variances and general prospects.

In addition to announcements on quarterly financial reports, the Company communicates with its shareholders and investors through its annual report which contains comprehensive information about the Group. The contents of the annual report are continuously enhanced to better reflect transparency and accountability. The Company disseminates its annual report to its shareholders in CD ROM media but shareholders may also request for a hard copy of the annual report if they wish to. The annual report is also available on the UMW website.

STATEMENT ON CORPORATE GOVERNANCE

The notice and minutes of general meetings together with slide presentations made at such meetings are made available on the Company's website for the benefit of shareholders who are not able to attend meetings.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Recommendation 8.1

The Board should take reasonable steps to encourage shareholder participation at general meetings

In accordance with the MMLR and the Articles of Association of the Company, the notice of AGM together with the annual report are sent out to shareholders at least twenty-one (21) days before the date of the meeting. The Administrative Guide is also despatched to shareholders for their ease of reference on the AGM day. The proceedings of the AGM will commence with a presentation by the PGCEO on the Company's operations and financial performance for the preceding financial year, followed by the Company's responses to questions raised by shareholders in advance of the AGM.

During the proceedings, shareholders are at liberty to raise questions pertaining to the business of the meeting and the Board and management are at hand to clarify issues raised. Any significant questions that cannot be readily answered at the meeting will be addressed subsequently in writing by management.

At the AGM and other shareholders' meetings, the Chairman, Tan Sri Asmat bin Kamaludin, plays a pivotal role in accommodating constructive dialogue between the shareholders, the Board and management.

Recommendation 8.2

The Board should encourage poll voting

At the last AGM, before commencement of the meeting, the Chairman addressed administrative matters including procedures for demand for poll voting before proceeding with the business of the AGM. However, shareholders opted to vote by show of hands at the last AGM.

Recommendation 8.3

The Board should promote effective communication and proactive engagements with shareholders

The Company regards its general meetings, particularly its AGMs, as the principal forum for direct interaction and dialogue among shareholders, the Board and management. The AGMs provide an

important avenue for effective communication with shareholders and for receiving constructive feedback particularly on matters concerning shareholders' interests. A comprehensive report on the Group's operations and financial performance is made at every AGM.

All nine (9) Directors were present in person to engage directly with shareholders at the Thirty-Second AGM held on 19 June 2014.

External auditors and advisers of corporate exercises, where applicable, attend general meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter.

A press conference is held after each AGM where the Group Chairman and PGCEO as well as relevant corporate EDs advise the media of the resolutions passed by shareholders, brief the media on the operations, performance and financial results of the Group for the year under review and clarify issues and answer questions posed by the media to keep shareholders and the public updated on the progress of the Group's core businesses.

Shareholders could also submit any additional questions they might have via an enquiry box placed at the venue of the AGM so that these could be responded to in writing after the meeting.

Compliance Statement

The Board is satisfied that the Group's CG framework complies with the principles and recommendations of the MCCG 2012 and the MMLR. The Board endeavours to continuously raise the standards of governance in the Group and strives to surpass international best practices and uphold its pledge, commitment and effort to enhance and promote the best practices of CG throughout the Group in its effort to achieve the highest standards of transparency, accountability and above all, integrity. The Board ensures that there is no compromise in the Group's focus on enhancing shareholder value, increasing investor confidence, establishing customer trust and building a competitive organisation that upholds UMW's core values of Honourable, Vibrant, Unshakeable and Pioneering.

This Statement on Corporate Governance is made in accordance with a resolution of the Board dated 15 April 2015.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL



1. INTRODUCTION

In UMW, the Board of Directors (“the Board”) is committed in maintaining a sound system of risk management and internal control whilst continuing to uphold and implementing a strong culture and environment for the proper conduct of the Group’s business operations.

Set out below is the Board’s Statement on Risk Management and Internal Control (“the Statement”) for the financial year ended 31 December 2014 which outlines the nature and scope of risk management and internal control of the Group and covers all of the Group’s operations except for associated companies and joint ventures.

2. RESPONSIBILITY

The Board affirmed their commitment and responsibility for the Group’s risk management and internal control systems covering not only financial controls but also operational, organisational and compliance controls, and for reviewing the adequacy and integrity of these systems.

The implementations of these control systems were taken by the management who regularly report on risks identified and action steps taken to mitigate and/or minimise the risks. The oversight of this critical area is carried out by the Audit Committee (“AC”) and the Investment & Risk Management Committee (“IRMC”) comprising the Board members.

The Group’s risk management and internal control systems are designed to meet the Group’s particular needs, to efficiently and effectively manage risks that may impede the achievement of the Group’s business objectives, provide information for accurate reporting and ensure compliances with regulatory and statutory requirements. The process for the identification, evaluation, monitoring and managing significant risks that may materially affect the Group’s business objectives has been in place throughout the year under review and regularly appraised by the Board.

However, in view of the limitations inherent in any system, these systems are designed to manage and mitigate, rather than eliminate, the risk of failure to achieve the Group’s business and corporate objectives. These systems can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

3. RISK MANAGEMENT

The Group has established an Enterprise Risk Management (“ERM”) framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group’s commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the Principles and Guidelines of ISO 31000 : Risk Management, mainly promoting the risk ownership and continuous monitoring of key risks identified.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The context within which the Group manages the risks and key focus of accountability is as follows –

Strategic risks are risks primarily caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. Accountability for managing strategic risks therefore rests with the Board and President & Group CEO (“PGCEO”). The benefit of effectively managing strategic risks is that the Group can better forecast and quickly adapt to the changing demands that are placed upon the Group. It also means that the Group is less likely to be affected by some external event that calls for significant change.

Operational risks are inherent in the on-going activities within the different Strategic Business Units (“SBU”) of the Group. Typically, some of the risks cover foreign exchange, credit, competency, technology, etc. Senior management needs on-going assurance that operational risks are identified and managed. Accountability for managing operational risks rests specifically with the Heads of SBU.

In this context, ERM aligns UMW’s strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks that the Group faces as it creates value.

The Risk Management Committee (“RMC”) consists of the Management Committee (“MC”) members, which maintains the risk oversight within the Group at the management level, as outlined in the ERM Framework. At the Board level, IRMC assumes the oversight and strategic role for ERM. Group Risk Management Division (“GRMD”) assists these Committees in discharging its risk management responsibilities.

GRMD facilitates the risk assessment process by providing independent enquiry on risk identification and risk ratings determination by the respective process owners (line managers) based on the risk appetite set by the Board. GRMD also provides guidance and support to the SBUs and Divisions in the development of risk action plans and key risk indicators to mitigate and monitor key risks of the Group. Heads of SBUs and Divisions are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring risk action plans and reporting key risks to RMC.

As part of the Group’s effort to instil a proactive risk management culture and ownership, GRMD has in the year under review undertook the following initiatives –

- Rolled out a comprehensive ERM Education Programme which includes ERM briefings, awareness sessions and system trainings for operating companies and corporate divisions, as well as for newly-appointed employees of the Group. This is part of the Group’s effort to communicate and ensure the application of ERM in day-to-day business operations;
- Held discussions with SBU Heads and Corporate Divisions to obtain endorsement of their key risks;
- Provided risk advisory and independent assessment, facilitating risk assessment workshops and reporting requirements for the Group.

For purposes of tracking and monitoring as well as capturing all risk information across the Group, a risk depository system has been implemented.

In order to remain resilient in times of crisis, GRMD was tasked to oversee Business Continuity Management (“BCM”) activities within the Group. A Group BCM Strategic Roadmap has been developed to be implemented in phases. A BCM Education Programme has also been developed, which include awareness programme and trainings for the appointed Business Continuity Leaders. These initiatives will enable the Group to respond, recover and resume to normal operations in a more efficient and effective manner, in the event of a crisis.

During the year, the risk reports of the Group and the respective SBUs were presented to RMC, IRMC and Board as per the requirements outlined in the ERM Framework.

4. INTERNAL AUDIT FUNCTION

The Group has an adequately resourced Group Internal Audit Division (“GIAD”) which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal controls and governance processes.

GIAD is independent of the Group’s business operations and has a group-wide mandate set out in its Audit Charter approved by the AC of the Board. GIAD carries out its functions in accordance with the annual audit plan approved by the AC each year covering the scope of the audit work and resources needed to perform such work. The AC regularly evaluates and monitors the performance of the internal audit function to assess its effectiveness in discharging its duties and responsibilities. The Head of GIAD or in his absence his representative attends all AC meetings.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

GIAD adopts a risk-based approach in developing its audit plan based on the Group's risks profile and conducts regular audits on all subsidiaries and principal areas of operations within the Group. It ensures that the Group's system of internal control remains effective and efficient, is adequately monitored and enhanced when the need arises. The audit also covers the Group's major information systems and applications.

Apart from that, GIAD also monitors the implementation of action plans recommended to improve on areas where control deficiencies were identified during the year. On quarterly basis, GIAD will submit its reports on major findings and significant control issues observed during the audit reviews, together with management's response and proposed action plans, to the AC for its review and where needed, to recommend appropriate actions to strengthen controls.

The GIAD is a corporate member of the Institute of Internal Auditor Malaysia ("IIAM") and subscribed to the standards issued by the IIAM.

5. ELEMENTS OF INTERNAL CONTROL

The Board regularly appraised the on-going process for identifying, evaluating, monitoring and managing the significant risks of the Group throughout the year. The key elements of the Group's internal control structure and environment are described below –

a. Board Committees

The Board, in discharging its duties, has established several committees namely the AC, the Nomination Committee, the Remuneration Committee, IRMC and the Whistle-Blowing Committee ("WBC"). The Board Committees operate within clearly-defined terms of reference, procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure that they are relevant and up-to-date.

The Board meets twelve (12) times a year on a scheduled basis with additional meetings convened as Special Board meetings as and when situations require urgent Board deliberation and decision.

The Board Committees (with the exception of the AC and WBC) meet six (6) times a year on a scheduled basis although additional meetings may be called as and when necessary by the Chairman of the Committees.

b. Organisation Structure and Reporting Lines

The Group has a well-defined organisation structure that is aligned to business requirements with clearly-defined delegation of responsibilities to the Board and its Committees, and management that promotes accountability. Apart from the Board Committees, the Board is supported operationally by the MC which consists of senior members of the organisation including the PGCEO.

The MC convenes regularly to discuss its strategic business agenda thus channeling appropriate inputs to the Board for its oversight of the Group's operations and maintenance of effective control over the entire operations. The organisation structure and delegation of responsibilities are communicated throughout the Group which set out, amongst others, authorisation levels, segregation of duties and other risk and control procedures.

c. Management Audit Committee

The Management Audit Committee ("MAC") is set-up by the MC primarily to assist the management in fulfilling its responsibilities in addressing matters highlighted by the Internal Audit Reports. MAC meeting would convene within three (3) months of the audit report received date.

The objectives of MAC meetings are –

- Assessing the adequacy and effectiveness of internal controls (with the assistance of GIAD) on the operations based on the Internal Audit Reports.
- Agreeing upon the corrective actions to be taken on the audit issues and its implementation.

The Committee comprises the following –

- i) Executive Director, Group Financial Services Division (Chairman);
- ii) Head of Compliance (Alternate Chairman);
- iii) Head of Audited Company/Division/Department or his/her representative/s; and
- iv) Head of GIAD or his/her representative/s.

Reports of the meeting ("MAC Reports") are prepared and compiled by the Group Compliance Department based on response during the MAC meeting and follow up subsequently. MAC Reports are tabled at the subsequent AC meeting by the Chairman of MAC.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

d. Group Compliance Department

Group Compliance Department was established by the management in January 2014 to enhance the internal control process across the Group. The Department was endorsed by the AC. The Head of Compliance reports to Executive Director, Group Financial Services Division.

The objectives of the Department are –

- Provide better understanding of the relationship between business objectives, control environment and operational risks to achieve those objectives;
- Educate employees to analyse, evaluate and report on the effectiveness of the control mechanism; and
- Advice and monitor compliance to the established procedures.

e. Policies, Guidelines and Procedures

i. Written Policies and Guidelines

Clearly-defined and documented internal policies and guidelines have been established through the relevant charters, terms of reference, organisational structures and appropriate authority limits.

The Group's policies and guidelines as contained in the Group Policies & Guidelines Manual have been communicated throughout the Group for implementation and compliance. These policies and guidelines are approved by the Board and regularly updated to reflect changing business requirements. Furthermore, these policies and guidelines are also used as a basis to develop standard operating procedures across the Group.

ii. Limits of Authority and Responsibility

Clearly-defined and documented lines and limits of authority, responsibilities and accountability have been established by the Group in the form of Financial Limits of Authority Guidelines ("FLAG").

The FLAG outlines the authority of the Board and its Committee and that of management for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. The FLAG are also regularly updated to reflect changing risks or to address operational deficiencies.

iii. Standard Operating Procedures

Procedures are also in place to ensure that assets are subject to proper physical controls and that the organisation remains structured to ensure appropriate segregation of duties. These procedures which are developed by the management based on the Group Policies and Guidelines are used in governing the day to day business operation within the Group.

f. Comprehensive Budgeting and Forecasting System

The Group performs a comprehensive annual budgeting and forecasting exercise including the development of business strategies and key performance indicators which is deliberated and approved by the Board each year.

During the business planning session, each operating unit performs a critical self-assessment which involves analysis of strengths, weaknesses, opportunities, problems and threats together with action plans to address issues identified.

Budgets prepared by operating units are regularly updated and explanations on variances are incorporated in management reports which are prepared and reported on a quarterly basis to the Board. These management reports analyse and explain variances against plan and report on the achievement of the key performance indicators after taking into account the changes in market conditions and significant business risks.

The Group employs the reward and recognition framework which is based on the achievement of the key performance indicators that measures the goals and targets for each individual operating unit in alignment with the Group's business objectives and strategies.

g. Monitoring, Reporting and Reviewing

The effectiveness of the Group's systems of risk management and internal controls are monitored through monthly management review of financial and operating results, business processes, the state of internal controls and business risk profile by the respective Heads of SBUs and reported to the MC.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

In addition to the monthly reporting, the PGCEO performed mid-term business review on all operating units and initiate corrective measures where needed. Apart from that, regular internal visits are also made to the operating units by senior management to monitor compliance with policies and to assess performance. The Board is updated on the business performance on a quarterly basis.

These reviews are supplemented by a comprehensive review undertaken by GIAD on controls implemented at each individual business units and operations. Reports on the reviews carried out by GIAD are submitted on a regular basis to management and the AC. These reports assess the impact of control issues and recommend appropriate actions to be taken to strengthen controls. The PGCEO and the Executive Director of Group Financial Services report to the AC on the status of management's action plans to address issues highlighted by the GIAD on a quarterly basis.

For associated companies and joint ventures, the Group's interests are served through representation on the Boards of the respective associated companies and joint ventures, receipt and review of respective management accounts, and enquiries thereon. Such representation also provides the Board with information for timely decision making on the continuity of the Group's investments based on the performance of the associated companies and joint ventures.

6. ASSURANCE TO THE BOARD

The Board has received written assurance from the PGCEO and the Executive Director of Group Financial Services stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, for the financial year ended 31 December 2014 up to the date of this Statement.

The Board is of the view that during the year under review there were no significant weaknesses in the risk management and internal control systems of the Group which had resulted in material losses, contingencies or uncertainties requiring disclosure in the annual report.

The Board is satisfied that the systems of risk management and internal controls in the Group are sound and sufficient to safeguard shareholders' investments and the Group's assets for the year under review and up to the date of the annual report.

The Board remains committed in ensuring that appropriate initiatives and active measures are taken to improve and enhance the Group's risk management and internal control systems so that shareholders' investment and the Group's assets are consistently safeguarded.

7. REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors, Messrs. Ernst & Young, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, 'Assurance Engagement Other Than Audits or Reviews of Historical Financial Information' and Recommended Practice Guide 5 (Revised), 'Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the annual report'.

Messrs. Ernst & Young have reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board dated 15 April 2015.

STATEMENT ON CORPORATE SUSTAINABILITY



As UMW charts its path towards becoming a truly world-class organisation, it is paying even more attention to serving the needs of its internal and external communities. Over the years, it has embraced more international best practices and weaving them into its activities within the workplace, marketplace, environment and community as it endeavours to fulfil its responsibilities to its stakeholders.



UMW has always believed that the Group's success is determined not so much by good market conditions, but by people who are great. Over the past few years, the Group Human Resource Division ("Group HR") has taken the role of a strategic business partner in supporting the organisation achieving its goal to become a regional and global player. In preparing our employees to face greater challenges, various initiatives have been crafted in line with our three-pronged HR Strategic Pillars, namely Building Workforce Competence, Developing Leadership, and Engaging High Performance.

We strive continuously to lay a stronger people foundation within the organisation – a place where talent and professionalism are nurtured, respected and justly rewarded.

PILLAR 1: BUILDING WORKFORCE COMPETENCY

Recruitment Initiatives

UMW actively participated in local career fairs and campus recruitment events to attract young talents to join our workforce, as well as to promote UMW as a preferred employer. We also participated in the UKEC – Graduan Career & Education Fair in London in support of the Government's efforts to bring back local talents studying abroad to Malaysia.

UMW Competency Model: Functional Competencies

Over the years, efforts have been made to develop the functional competencies of our people for various job families within the UMW Group. Through competency gap assessments, we have identified relevant training and development programmes to meet the current and future needs of our employees. At the same time, competency-based interviews are being conducted to ensure that only candidates who possess the right technical competencies are selected to be part of the UMW family.

Career Pathing Framework

The Career Pathing Framework was introduced to make career opportunities visible to enhance engagement across the organisation. It also enables management staff to advance their careers vertically within the same function or diagonally into related job families. Phase 2 of the Framework was conducted in 2014 and successfully covered 8 job families across the Group, i.e., 6 support functions and 2 business functions.

UMW Technical Academy ("UTAc")

UTAc, which was launched on 8 October 2013, aims to promote upward mobility in the Group by providing training to enhance the competencies and capabilities of our non-executive employees with the Sijil Kemahiran Malaysia ("SKM") certification for better career progression. In 2014, UTAc launched SLDN KHAS, a Community Service Programme, to provide technical training to school leavers with minimum distinctions in the Sijil Pelajaran Malaysia (SPM) examination. 14 trainees were awarded SKM Level 1 certificate upon completion of theoretical and on-the-job training with UMW Equipment Sdn Bhd. UTAc was subsequently expanded to UMW Industries (1985) Sdn. Bhd. in building its continuous pipeline of skilled employees.

STATEMENT ON CORPORATE SUSTAINABILITY



A momentous occasion for EDGM graduates

Executive Diploma in General Management (“EDGM”)

The EDGM programme, a collaboration with the University of Sunderland, UK through SEGi College, is offered to high-potential UMW supervisors and executives who do not possess tertiary-level academic qualifications. It is also applicable to those who want to realign their job skills with their current functional roles at work. The programme covers learning modules to enable participants to better manage their work, people and team dynamics in a business environment. Since its inception in 2007, a total of 138 employees have gained tertiary-level academic qualifications under EDGM.

SL1M-UMW: Graduate Enhancement Programme (“GEP”)

As a leading industrial enterprise, UMW has much to offer when it comes to preparing young people to participate effectively in an increasingly complex working environment. In April 2014, UMW welcomed its fourth batch of 24 SL1M-UMW:GEP trainees with the aim of boosting the employability of local university graduates to

reduce unemployment. The programme consists of both soft and functional skills training conducted internally with the support of UMW line trainers. All graduates from Batch 4 who completed their programme in November 2014 were able to secure employment from either the UMW Group or other organisations. Our continuous commitment in improving the employability of local graduates earned UMW a ‘Syarikat Contoh’ (exemplary company) award from Senator Dato’ Seri Abdul Wahid bin Omar of Economic Planning Unit, Prime Minister’s Office.

UMW Entrepreneur Internship Programme (“UEIP”)

Under UEIP, UMW is collaborating with Universiti Malaysia Kelantan (“UMK”) to nurture and train potential young leaders in developing entrepreneurial skills and practical business acumen by exposing them to the real working environment. 10 graduates from UMK will complete their one-year internship that comprises classroom and on-the-job training by August 2015.

STATEMENT ON CORPORATE SUSTAINABILITY



At the Kobetsu Kaizen Grand Final Convention

PILLAR 2 : DEVELOPING LEADERSHIP

Leadership Talent Review (“LTR”)

In 2014, the LTR Talent pool was increased by approximately 50%, and an assessment of management talents was conducted to identify individual strengths and areas for development. Formal development and experiential development opportunities were then carried out for identified talents. The LTR platform was also introduced to major operations in Singapore and Myanmar in a regional effort that allows the Group to identify more talents to be developed for succession beyond geographic boundaries.

UMW Executive Development Programme (“UEDP”)

UEDP is designed to maximise the potential of young talents and empower them to become future leaders. This comprehensive 1-year programme with job rotation provides participants with a solid foundation to progress in the corporate ladder. A total of 13 young talents were selected after undergoing a stringent process which comprised aptitude tests, interviews and business case studies. Upon successful completion of the 1-year programme, participants are deployed to various business units and departments within the Group.

PILLAR 3 : ENGAGING HIGH PERFORMANCE

UMW Closer 2U Employee Engagement Survey

An employee engagement survey was rolled out in October 2013 and its findings were cascaded in the first half of 2014. Focus Groups were formed and brainstorming sessions were held to identify areas of concern, as well as to develop appropriate action plans in closing critical gaps and addressing key concerns. These actions plans are being implemented progressively to ensure that employees are motivated to contribute to organisational success and to enhance their personal well-being.

Continuous Improvement Programme

In 2014, the Company sustained the MPC Quality Environment/5S certification in 45 locations nationwide. 78 groups from UMW subsidiaries took part in Kobetsu Kaizen where they embarked on ‘Focused Improvements’ initiatives in operational key measurement areas, such as Productivity, Quality, Delivery, Cost, Safety and Morale. 19 Kobetsu Kaizen groups presented their Kobetsu Kaizen projects during the Kobetsu Kaizen Grand Final Convention held on 18-20 November 2014.

STATEMENT ON CORPORATE SUSTAINABILITY



Full turnout at a Townhall session

Closer 2U – HR Open Day

Employees of UMW attended the Closer 2U – HR Open Day programme organised in Shah Alam on 26 June 2014. At the event, employees were, among others, able to update their Employees Provident Fund information, pay zakat at the Lembaga Zakat Selangor booth, transact with Amanah Saham Bumiputera, gather more information on industrial relations matters and purchase reading materials from Kumpulan Karangkrak at a discounted rate.

Programme on Industrial Relations (“IR”) Awareness

A series of IR briefings were conducted for SBUs in Shah Alam, East Malaysia and the Northern Region to enhance their understanding of labour law, proper handling of disciplinary issues, as well as the Group’s Whistleblowing Policy.

Commencement of Collective Agreement Negotiations

The UMW Group continued to foster strong and cohesive rapport with both our in-house and national unions based on mutual trust and respect. The year under review saw negotiations commence on our Collective Agreement, which was due for renewal on 31 December 2014. Necessary benchmarking studies were carried out beforehand to ensure industrial harmony.

Dialogue Sessions with Union Representatives

Management held 4 dialogue sessions with members of UMW Group Workers Union (Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW) as part of continuous efforts to maintain close rapport and cohesive industrial harmony as well as a platform to address critical concerns in a timely manner.

Townhall Sessions and Employee Engagement Activities

The UMW Group’s Quarterly Townhall Sessions, which were held in Shah Alam, are an important avenue to promote effective

communication as well as to foster better relationship between management and employees. In 2014, UEEPL employees in Singapore, as well as employees from various geographical locations in Malaysia joined the ‘live’ video conferencing.

Other employee engagement activities held included celebration of major festivals, sports tournaments and recreational activities. In addition, the Group also provides financial assistance and scholarships to deserving children of employees and rewards for academic excellence.

Reaching Out to International Entities

Group HR practices were cascaded to UMW’s overseas entities in Myanmar, Vietnam, China, Papua New Guinea (“PNG”), Singapore and Australia in 2014 to ensure better alignment in practices and conformance to approval matrix. Job Evaluation (JE) exercises were also conducted for PNG, Singapore and Myanmar operations to assess the degree of complexity of job content and requirements as well as rationalising job structure within the UMW Group of companies. A study will be carried out in 2015 and the International Assignment Policies will be updated to reflect the latest developments in the market to ensure competitiveness and relevancy.

As a result of our relentless efforts, we celebrated the following milestones in our HR Strategic Roadmap –

- HR Asia Best Companies to work for in Asia 2014**
 For the first time, UMW was selected by HR Asia as one of the best companies to work for in Asia. HR Asia is a HR trade journal published by Business Media International with regional coverage. For the award, HR Asia conducted online surveys among employees who met the selection requirements, followed by site audits and interviews with the HR heads of the different sections. UMW scored above the market average in all dimensions surveyed.

STATEMENT ON CORPORATE SUSTAINABILITY



Puan Juliah Nik Jaafar (middle) receives the award at the inaugural Malaysian Women of Excellence Awards 2014

• Women of Excellence Award

Puan Juliah Nik Jaafar, Executive Director, Group HR was the recipient of Women of Excellence award under the Top Class Management Category at the inaugural Malaysian Women of Excellence Awards 2014. This was in recognition of her commitment and passion in building organisation capabilities across the Group. The award was presented by YB Datuk Seri Tengku Adnan bin Tengku Mansor, Minister of the Federal Territories at the awards ceremony held on 10 November 2014, at the Hilton Hotel, Kuala Lumpur.

• Top 10 Preferred Employer in Malaysia

UMW was listed in the Top 10 most preferred employers in Malaysia for the 2nd time in a row in the Graduan Brand Awards 2013. The result was based on a survey done at the GRADUAN® ASPIRE Career & Postgraduate Fair 2013, where job seekers and working professionals were asked to name the organisations they felt as their most preferred employer. The award was presented by Mr P. Kamalanathan, Deputy Minister of Education II, on 17 May 2014 at the Kuala Lumpur Convention Centre.

DIVERSITY & INCLUSIVENESS

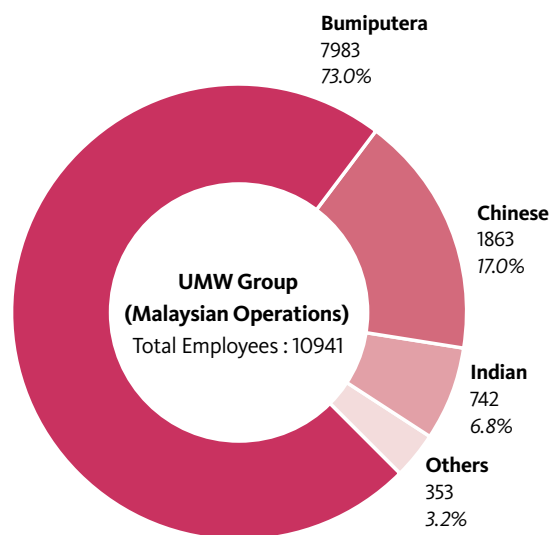
UMW recognises the importance of diversity and inclusion as we operate in increasingly diverse communities both in Malaysia and internationally. This diversity is evident in our workforce, as well as our customers, suppliers and other stakeholders. Within our workplace, we aim to champion a culture that allows any employee, irrespective of sex, ethnicity, colour, religion or background, to have the opportunity to work in an environment where talent and professionalism are respected and justly rewarded.

UMW is committed to creating an inclusive working environment in order for the employees to fulfil their potential and maximize their contribution. Our employment policies and practices reflect a culture where decisions are made solely on the basis of individual capability and potential in relation to the needs of the business.

We also recognise the value of a diverse workforce in helping us understand the needs of our large and diverse customer base that can help support sales growth and customer retention. All employees are responsible for creating an inclusive workplace environment that rewards high performance. Diversity does not stop at the hiring stage but rather the responsibility of all employees, particularly management, to lead the diversity and inclusiveness strategy through their behaviours, attitudes and effective use of their influence and authority in relations to –

- Recruitment, selection & retention;
- Learning & development;
- Working environment;
- Terms & conditions of employment;
- Promotion & career progression; and
- Others deemed relevant

Ethnic Diversity 2014



Gender Diversity 2014

Diversity at the UMW workplace can also be clearly seen with an increasing number of women on our payroll. In 2014, women made up 19.4% of our workforce as opposed to 19.1% in 2013. Women representation in senior management positions also grew from 8.3% in 2013 to 11.5% in 2014. Catering to the needs of our women employees, we have made available a nursing room and designated parking bays for pregnant employees, among other initiatives.

Age Diversity 2014

In terms of age, the UMW Group workforce (Malaysian Operations) reflects the relatively young age profile of the Malaysian population. In 2014, about 39.0% of employees were below 30 years, 35.3% were between 30 and 40, 18.0% were between 40 and 50 and 7.7% were above 50 years.

STATEMENT ON CORPORATE SUSTAINABILITY

MARKETPLACE

OUR COMMITMENT TO
PRODUCT SAFETY AND QUALITY

UMW is committed to ensuring that our products and services are of enduring quality, and strive continuously to live up to the high standards that we set for ourselves exceeding customers' expectations. Together with world-renowned partners, we develop and employ world-class technologies to offer products that are safe, effective and reliable.

PRODUCT SAFETY

Product safety in the Automotive Division is central to our commitment to customers. All vehicles assembled at Assembly Services Sdn. Bhd. are equipped with a range of built-in active and passive safety features. Product information and specifications are provided on our websites. Common technologies applied in our vehicles are –

- Active Safety Features – which help prevent crashes by providing greater control of the vehicle; and
- Passive Safety Features – which are built into the design of the vehicle to improve safety performance.



Customers are encouraged to take operating leases rather than purchase equipment

UMW Toyota Motor's unwavering commitment to customer satisfaction has helped it to clinch the top spot in the Customer Service Index (CSI) and Sales Satisfaction Index (SSI) categories, in the J.D. Power Asia Pacific 2014 Malaysia Study.

The Group's Equipment Division operates mainly as an industrial trading company, importing and selling well-known product ranges including Komatsu heavy equipment, Toyota forklifts, Tennant scrubbers and sweepers, and Compair and Cooper air compressors.

We encourage clients to take operating leases rather than purchase equipment from us. This helps to ensure that the equipment is optimally maintained thus limiting the risk of injury to operators and others within the work area. Our service experts are always at hand in the countries where we distribute the equipment.

COMMITMENT TO QUALITY

Operating leases also allow us to maintain control of the disposal, reuse and recycling of our equipment when these are returned to us at the end of their useful lives. This is in line with best practice and the protocols of our major suppliers.

UMW Toyota Motor is the only automobile distributor in the country to have a full-fledged, pre-owned vehicles operations, known as TopMark, where it provides customers with complete peace of mind in buying or trading-in used cars knowing that all pre-owned cars that come through our TopMark yards are given official clearance by Puspakom.



TopMark Johor Bahru won first prize in its Hari Raya – Road Safety decoration contest that featured a pop up model of a busy street

STATEMENT ON CORPORATE SUSTAINABILITY

ENVIRONMENT

OUR RESPONSIBILITY TOWARDS
THE ENVIRONMENT

Placing high priority in minimising the environmental impact of our operations and products, the Group has adopted environmental management systems that conform to international standards. We ensure that our operations are located on industrial sites and special industrial zones. None of our significant operations are located, owned or managed in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas. We remain conscious of the potential impact of our operations and products on biodiversity and take into account such issues in our business strategies and future plans for managing the impact on biodiversity.

ENERGY-SAVING PROGRAMME AT UMW CORPORATE HQ

In 2012, our Property Division initiated intensive energy-saving programmes at our corporate headquarters in Shah Alam, via multiple energy-conserving approaches. These energy-saving initiatives, which are currently ongoing, are expected to result in long-term cost savings to the Group.

TOYOTA ENVIRONMENTAL ACTION PLAN

Environmental activities undertaken by UMW Toyota Motor are guided by a series of 5-year Toyota Environmental Action Plans (“TEAPs”) issued by Toyota Motor Corporation, Japan. The current TEAPs is the 5th to be implemented and will end in March 2016, to be replaced by the 6th TEAP in April 2016. The TEAPs ensures that every phase of the lifecycle of a Toyota vehicle – from its design to the procurement of materials, logistics and manufacturing, sale, end-of-life and recycling – satisfies environmentally-friendly requirements.

ENVIRONMENTAL-EDUCATION PROGRAMMES

Toyota Eco Youth Programme

2014 marked the 14th year of the Toyota Eco Youth (“TEY”) programme. Since its inception, UMW Toyota Motor has invested close to RM6 million in running the environmental education programme, reaching close to 2,000 students in 200 schools nationwide. TEY exposes the participating students and teachers to the Toyota 8-Step Problem-Solving Methodology, an approach where all UMW Toyota Motor employees practise to identify and investigate issues or problems of concern to them. The methodology can be implemented in any circumstances, including finding solutions to environmental issues affecting the local community.

UMW-YIM Ideation Programme

During the year, UMW collaborated with Yayasan Inovasi Malaysia (“YIM”) to conduct the UMW-YIM Ideation Programme. This nurtures students to develop creative ideas, drive innovation and become successful inventors, with an emphasis on producing ‘green’, eco-friendly products.

Eco Camp

UMW conducted a weekend Eco Camp at the Forest Research Institute Malaysia (FRIM) for the children of Rumah Titian Kasih, Taman Tasik Titiwangsa in November 2014. The programme was packed with fun outdoor activities that emphasised the importance of maintaining the delicate balance of ecosystem.

Trees for Life Programme

The UMW Group planted a total of 3,200 fruits and ‘melati’ trees in 2014, under Majlis Bandaraya Shah Alam’s Trees for Life Programme.



Tree planting at the 2014 Trees for Life Programme

STATEMENT ON CORPORATE SUSTAINABILITY



Eco Camp at the Forest Research Institute Malaysia

WORKPLACE ENVIRONMENT

The UMW Group remains committed to providing a safe and healthy work environment for our employees and visitors. We implement various health, safety and environmental programmes as stipulated in our Health, Safety and Environment (“HSE”) Policy.

Occupational Health & Safety Management System (OHSAS 18001:2007)

An OHSAS 18001:2007 surveillance audit was conducted by SIRIM QAS International Sdn. Bhd. in January and April 2014, for the following companies in the Group –

A. Central Region

- UMW Corporation Sdn. Bhd.
- UMW Equipment Sdn. Bhd.
- UMW Industries (1985) Sdn. Bhd.
- UMW Industrial Power Sdn. Bhd.
- UMW Pennzoil Distributors Sdn. Bhd.
- UMW Advantech Sdn. Bhd.
- Automotive Industries Sendirian Berhad

B. Northern Branch

- UMW Equipment Sdn. Bhd.
- UMW Industries (1985) Sdn. Bhd.
- UMW Industrial Power Sdn. Bhd.

C. Southern Branch

- UMW Equipment Sdn. Bhd.
- UMW Industries (1985) Sdn. Bhd.
- UMW Industrial Power Sdn. Bhd.

The audit on the Management Systems in all companies is found to be adequately maintained in accordance with OHSAS 18001:2007 standards.



UMW Bukit Minyak branch's staff attending the OHSAS 18001:2007 Awareness briefing organised by UMW Group HSE

STATEMENT ON CORPORATE SUSTAINABILITY

Quality, Health, Safety & Environment (“QHSE”) at UMW Oil & Gas Corporation Berhad (“UMW-OG”)

At UMW-OG, the team recognises that excellent QHSE performance is critical as it endeavours to achieve rapid business growth. Accordingly, it continuously adheres to QHSE best practices to prevent risk of injury, occupational illness or damage to properties and the environment. Its goal is ‘Nobody Gets Hurt. No Damage to the Environment’.

Throughout the year, UMW-OG implemented various QHSE programmes and campaigns on site including the Red Zone Policy, Green Handle Policy, No Hand On Load Policy, Drop Object Prevention scheme (DROPs), Health Campaigns and Plan Based Execution leadership training.

Integrated QHSE management system certification

UMW-OG has embarked on the milestone initiative of becoming certified for the Integrated QHSE Management System, which encompasses ISO 9001 Quality Management, ISO 14001 Environment Management, OHSAS 18001 Occupational Health & Safety Management and ISO/TS 29001 Quality Management for the Oil & Gas and Petrochemical Industry. DNV-GL was chosen as a single certification body for this exercise, based on its global experience in oil and gas business assurance. The compliance audit was successfully conducted at UMW-OG headquarters at Plaza Sentral, Kuala Lumpur, Labuan Office and at UMW NAGA 4 rig in December 2014. UMW-OG, together with its two operating companies UMW Offshore Drilling Sdn. Bhd. and UMW Workover Sdn. Bhd., received all four certificates from DNV-GL on 26 January 2015.

HEALTH, SAFETY AND ENVIRONMENTAL ACTIVITIES

CLASS Regulations Briefing

On 7 March 2014, a briefing on Classification, Labeling & Safety Data Sheet of Hazardous Chemicals (CLASS) Regulations 2013 was organised by Group HSE Department to provide the latest updates on its implementation. The briefing, conducted by Puan Habsah binti Md Ishak, Head of Industrial Hygiene Section, Department of Occupational Safety and Health, Selangor was attended by 75 employees from both UMW Non-Motor and Motor Groups.



Experiencing low-speed collision in a seatbelt convincer – crash simulator

Road Safety Campaign

In conjunction with the Closer 2U-HR Open Day on 26 June 2014, Group HSE organised a road safety campaign to promote defensive driving among UMW staff. The programme was facilitated by DriveFos Training and Consultant and included a 30-minute talk on life saving gadgets, which focused on the importance of wearing both front and rear seatbelts. A helmet smasher simulation was also conducted to compare the risk of using approved helmets and non-approved helmets. In addition, participants can experience the powerful impact of a low-speed collision at 10km/hour in a seatbelt convincer – crash simulator. About 200 staff attended the programme.

Road Safety Leaders Training

Road Safety has always been a priority for UMW Toyota Motor, especially at its Customer Service Operation (CSO) outlets, where there is a high population of motorcyclists. The company appoints Safety Leaders from among its employees to assist management with carrying out road safety initiatives.

STATEMENT ON CORPORATE SUSTAINABILITY

In order to increase the skills and knowledge of these Safety Leaders in motorcycle-related safety, special training was organised on 11-12 June 2014 at UMW Toyota Motor's head office. The 2-day training covered topics such as inspection methods for different types of motorcycles, identifying road hazards and proper precautionary actions.

Corrective and Preventive Action Training

Group HSE and Training & Development Department jointly organised an 1½-day training programme on 'Analysis Techniques to Identify Corrective and Preventive Action' on 11-12 March 2014. It was attended by 30 staff Group-wide.

Vendor HSE Training

UMW carried out a Vendor Safety Training at its Bukit Minyak Branch on 24 January 2014 to evaluate vendors on their HSE performance in 2013 and to provide a refresher briefing to respective vendors on HSE requirements when carrying out tasks at UMW premises. The training was also held to renew vendors' Permit to Work (PTW).



A Chemical Health Risk Assessment assessor checks a chemical container

Monitoring Indoor Air Quality

Good indoor air quality contributes to both employees' personal health as well as productivity. Accordingly, an Indoor Air Quality (IAQ) assessment was conducted at UMW Corporation Sdn. Bhd. on 4 June 2014. Group HSE will continue to work with other relevant SBUs/Divisions within the Group based on the recommendations given by the assessor to further improve indoor air quality at UMW premises.

HSE Visits to Branch Offices

On yearly basis, Group HSE visits various UMW branch offices to assist in identifying HSE compliance requirements and to provide training/briefing on basic HSE to staff. The visit also provides the opportunity to update branch offices on HSE activities/events organised at Central Region as well as to conduct Occupational Safety & Health (OHS) audits.

Awards and Recognition

On 20 October 2014, UMW Synergistic Sdn. Bhd. was awarded the Best International Contractor Award from PETRONAS Carigali Iraq Holdings B.V. (PCIHBV) at the Garraf HSE Day 2014 held at Garraf Base Camp, Iraq. More than 200 contractors from PCIHBV, joint venture partners and staff witnessed the inaugural event with the theme 'Everybody Goes Home Safely'. The event commemorated the team's efforts in achieving one of the biggest Garraf HSE milestones to date, namely 15 million safe man-hours without any Lost Time Injury (LTI).



Garraf HSE Day 2014

STATEMENT ON CORPORATE SUSTAINABILITY

COMMUNITY

CHAMPIONING BETTER LIVES

In 2014, the UMW Group continued to balance its financial growth with an equally strong focus on protecting the natural environment and contributing to the communities in which it operates. The Group's Corporate Social Responsibility ("CSR") initiatives are built on the three main pillars of Education, Environment and Community Development, with UMW's employee-volunteers, known as Community Champions, acting as the prime drivers of these initiatives.

COMMUNITY CHAMPIONS

Since the volunteer programme's inception in June 2009, our Community Champions have clocked in a total of 22,506 community service hours, of which 5,818 hours were spent on community programmes conducted in 2014. The UMW Group supports volunteerism by bearing the cost of employees' participation and providing time off work, when necessary.



UMW Community Champions' field trip to Aquaria KLCC with children of Persatuan Dyslexia Malaysia

COMMUNITY DEVELOPMENT

UMW's long-term Corporate Social Responsibility partnership with MERCY Malaysia continued for the sixth consecutive year in 2014. Since the partnership was formalised in December 2008, we have provided the humanitarian organisation with nearly RM3 million in funding to conduct mobile outreach clinics, alcohol misuse intervention groups, fire risk reduction activities and disaster relief efforts for remote or vulnerable communities in Malaysia. These programmes have successfully reached a total of approximately 20,000 beneficiaries.

Other community programmes carried out by UMW in 2014 were –

- Chinese New Year Celebration with the elderly residents of Pusat Jagaan Rumah Orang Tua Simee, Ipoh;
- Pre-Minggu Saham Amanah Malaysia CSR Programme: Gotong-Royong at SK Kampong Laut, Kelantan;
- Ramadhan Programme – Raya shopping and breaking of fast with underprivileged children;
- Majlis Sambutan Hari Raya Aidilfitri with the residents of Pusat Jagaan Al-Fikrah Malaysia;
- Educational Field Trip to Aquaria KLCC with Persatuan Dyslexia Malaysia;
- Deepavali Programme at Persatuan Ajaran Agama Hindu Shree Raghavendra, Johor Bahru, Johor;
- Contribution and visit to Rumah Kebajikan Berunggis, Papar, Sabah;
- Safari Explorer Day at Zoo Negara Malaysia for underprivileged children, where UMW is also the proud sponsor of giraffes at Zoo Negara Malaysia;
- Health Awareness Day at the Society of the Orthopedically Handicapped with UMW Community Champions and MERCY Malaysia; and
- Christmas shopping with the children of The Salvation Army Kuching Children's Home, Sarawak.



The UMW-MERCY Malaysia partnership has reached to vulnerable communities in Malaysia

STATEMENT ON CORPORATE SUSTAINABILITY



Covent Garden Soloists Orchestra performs at the 2014 Toyota Classics concert

Meanwhile, the Toyota Classics celebrated its 25th Anniversary in 2014. The fundraising concert, organised in Malaysia by UMW Toyota Motor, is one of the longest running philanthropic efforts in the country. Under the theme 'Music that Moves Lives', the silver jubilee edition of the Toyota Classics featured the widely-acclaimed Covent Garden Soloists Orchestra and was held at the Dewan Filharmonik Petronas, KLCC. Proceeds from the ticket sales and corporate donations amounting to RM425,000 were channeled to the following charitable and non-governmental organisations –

- The Lung Foundation of Malaysia – to purchase respiratory support equipment for low-income patients;
- The National Kidney Foundation of Malaysia – to purchase a van to carry out mobile health screenings as part of its public health education efforts;
- Pertubuhan Kebajikan dan Perlindungan Nur Qaseh Malaysia – to purchase a van for the daily transportation of children under its care; and
- Yayasan Islam Darul Ehsan – to purchase a van to transport patients from rural areas to kidney dialysis centres for treatment.



Students at one of UMW's adopted schools under the PINTAR programme

EDUCATION

UMW continued to support adopted schools under the PINTAR programme that aims to foster excellence among youth in underserved communities. Currently, we have five national and vernacular primary schools under our wings (each school is adopted for a three-year period) –

- SK. Batu Laut, Selangor;
- SJK (T) Sungai Renggam, Selangor;
- SK Bandar Banting, Selangor;
- SK Kati, Perak; and
- SJK (C) Moh Ghee Cawangan, Pulau Pinang.

UMW provides funding for motivational camps, tuition classes as well as additional educational materials for these adopted schools. In 2014, four of the schools registered an overall improvement in their Ujian Penilaian Sekolah Rendah (UPSR) examination results.

The UMW PT3 Clinic, conducted in collaboration with Petaling Perdana Education District Office, was held for the third time in 2014. Focused on developing and enhancing Higher Order Thinking Skills, the clinic attracted an overwhelming participation of 109 Form Three students from various schools in Shah Alam.

CALENDAR OF EVENTS

JANUARY

15

Mr Yoshimasa Ishii, President & CEO of Toyota Financial Services Corporation paid a visit to Toyota Capital Malaysia.

20



UMW Toyota Motor Sdn. Bhd. (“UMW Toyota Motor”) unveiled the all-new Toyota Corolla Altis at One World Hotel, Bandar Utama, Selangor.

24

UMW (East Malaysia) Sdn. Bhd. (“UMW (EM)”) organised a 5S Gotong-Royong Kick-Off Day as a continuous effort of the 5S programme.

FEBRUARY

13



The Toyota Eco Youth programme entered its 14th year, promoting environmental activities with students from 16 participating schools nationwide.

MARCH

5

UMW Industries (1985) Sdn. Bhd. (“UMW Industries”) won several awards at the Tennant 2013 Awards Ceremony held in Bali, Indonesia, during the Tennant APAC Export Distributor Conference 2014.

7

UMW (EM) held a grand ceremony to officially open its new building in Bintulu, Sarawak.

8-9

Kelab UMW organised “Bintang UMW 2014”, a talent contest that attracted 37 participants from across the UMW Group.

12

UMW Industries swept a total of five awards at the 2013 Toyota Material Handling International Award Programme held in Nagoya, Japan.

14

UMW Toyota Motor opened its latest full-fledged comprehensive 3S Centre in Kulai, Johor to cater for the increasing number of Toyota vehicles in the Southern Region.

20

UMW hosted the first HR Circle Meeting for 2014 at the Altis Hall, UMW Toyota Motor. The HR Circle is a platform that brings together key HR practitioners of G20 companies.

23



The signing ceremony for the Affirmation on the Statement of Risk Management and Internal Control for the year ended 31 December 2013 was held at the UMW Auditorium.

APRIL

2-6

Repsol Lubricant Distributors’ Asia-Pacific Conference was held in Langkawi, gathering a total of 30 participants from eight countries.

8-13

UMW Toyota Motor organised a trip to Athens, Greece, for 280 high achievers in vehicle sales and after-sales under its Star Awards programme.

20-27



UMW participated in the 15th Minggu Saham Amanah Malaysia exhibition in Kota Bharu, Kelantan.

28



UMW presented RM60,000 to Zoo Negara as part of a one-year sponsorship of six giraffes, in line with its mantra ‘Achieving Greater Heights’ and to take its brand awareness to a new level.

CALENDAR OF EVENTS

MAY

16-18



The 15th Pesta Sukan UMW was held at Kolej Matrikulasi Pahang where the Jaguars Contingent emerged as champion.

17

UMW was listed as one of the Top 10 Most Preferred Employers in Malaysia at the Graduan Brand Awards 2013.

22



The SL1M-UMW – Graduate Enhancement Programme Graduation and Placement Ceremony was held, marking a new chapter in the lives of the participants.

JUNE

26



Graduation ceremony of Cohort Five's graduates of the Executive Diploma in General Management Programme at the UMW Auditorium.

27



The annual UMW Excellence Award and Brand Hero Award Ceremony returned for the 13th year to honour the companies and individuals that have done the Group proud.

28

UMW (EM) ran a successful CASE Rodeo Roadshow 2014 in Tawau, Sabah.

JULY

15-17



UMW (EM) successfully organised its first technical training programme for the Hydraulic Excavator PC200-8MO and LS47 in Bintulu, Sarawak.

AUGUST

3-6



The Komatsu 12th Asia Distributors' Meeting was held at the Shangri-la Hotel, Kuala Lumpur, bringing together 61 delegates from 13 countries in the Asia-Pacific region.

8

UMW Equipment & Engineering Pte. Ltd. launched the new Toyota 8FG/D35-80 series (3.5 ton to 8.0 ton) IC trucks.

20



UMW was named among the region's Best Employers by HR Asia Magazine at the 'HR Asia Best Companies to Work for in Asia 2014' award ceremony.

28

Lexus Malaysia opened the door to its seventh outlet in Malaysia, officially known as Lexus Ipoh, located along Jalan Kuala Kangsar, Ipoh, Perak.

SEPTEMBER

26



UMW Toyota Motor marked yet another milestone in its history with the opening of its latest upgraded sales and new after-sales service centre in Langkawi.

28

The NAGA 6 was delivered in a ceremony in Shenzhen, China.

CALENDAR OF EVENTS

OCTOBER

2

The Toyota Eco Youth programme which began in 2001 was officially ended in a closing ceremony held at the Concorde Hotel Shah Alam. The programme had reached close to 200 schools nationwide, involving more than 1,500 students.

20

UMW Synergistic Sdn. Bhd. received the Best International Contractor Award from PCIHBV (PETRONAS) Carigali Iraq Holdings B.V.) at an HSE Award presentation held at the Garraf Base Camp, Iraq.

20-21



UMW (EM) in collaboration with Komatsu, organised a Product Training and Soft Launch of Komatsu Hydraulic Excavators PC70-8 and PC130-8.

29

UMW Toyota Motor won the Gold Award in the HR Excellence Awards Ceremony organised by the Human Resources magazine.

NOVEMBER

11



The Toyota Classics celebrated its 25th anniversary with a performance by the Covent Garden Soloists Orchestra, London at the Dewan Filharmonik PETRONAS, and managed to raise RM425,000 which was channelled to four charitable and non-governmental organisations.

20

Datuk Ir. Hj. Hamim Samuri, Deputy Minister of International Trade and Industry, graced the Kobetsu Kaizen Celebration and 5S Award 2014, which celebrated the successful Quality Environment/5S certification of various sections within the UMW Group.

27



Tan Sri Asmat Kamaludin, Group Chairman of UMW Holdings Berhad, was conferred with the prestigious 'Order of the Rising Sun, Gold and Silver Star' by the Government of Japan for his contributions to strengthening economic relations and bilateral understanding between Japan and Malaysia.

DECEMBER

4



The UMW-MERCY Malaysia Mobile Clinic conducted a mission at a remote village called Ba'kelalan in Sarawak.



9

UMW Holdings Berhad won an award for Industry Excellence 2014 for Consumer Goods in recognition of its best Corporate Governance practices including transparency and performance during the MSWG Award-ASEAN Corporate Governance Index, Finding and Recognition.

STATISTICS ON SHAREHOLDINGS

AS AT 31 MARCH 2015

Authorised Share Capital	: RM1,000,000,000 (comprising 2,000,000,000 ordinary shares of RM0.50 each)
Issued and Paid-up Share Capital	: RM584,146,966 (comprising 1,168,293,932 ordinary shares of RM0.50 each)
Class of Shares	: Ordinary shares of RM0.50 each
Voting Rights	: One (1) vote per one (1) ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	%
Less than 100	468	21	489	10.11	10,484	697	11,181	0.00
100 to 1,000	1,305	80	1,385	28.63	866,836	51,717	918,553	0.08
1,001 to 10,000	1,658	241	1,899	39.25	6,438,902	1,021,957	7,460,859	0.64
10,001 to 100,000	429	301	730	15.09	12,548,624	11,211,798	23,760,422	2.03
100,001 to less than 5% of issued shares	115	217	332	6.86	233,630,078	192,125,246	425,755,324	36.44
5% and above of issued shares	3	0	3	0.06	710,387,593	0	710,387,593	60.81
Total	3,978	860	4,838	100.00	963,882,517	204,411,415	1,168,293,932	100.00

ANALYSIS OF EQUITY STRUCTURE

Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1. Individual	3,300	188	17,409,486	2,221,880	1.49	0.19
2. Body Corporate						
(a) Banks/finance companies	55	2	663,023,808	22,206	56.75	0.00
(b) Investment trusts/ foundations/charities	2	0	5,144	0	0.00	0.00
(c) Industrial and commercial companies	92	5	3,984,703	2,189,256	0.34	0.19
3. Government agencies/institutions	3	0	3,041,584	0	0.26	0.00
4. Nominees	525	665	276,411,126	199,978,073	23.66	17.12
5. Others	1	0	6,666	0	0.00	0.00
Total	3,978	860	963,882,517	204,411,415	82.50	17.50

STATISTICS ON SHAREHOLDINGS

AS AT 31 MARCH 2015

DIRECTORS' INTERESTS IN THE COMPANY

As at 31 March 2015, none of the other Directors have interests in the shares of the Company including deemed interests (shares held by his/her spouse and child/children), except for the following –

Director	Direct Interest		Deemed Interest		
	No. of Issued Shares	% of Issued Shares	Held by Spouse No. of Issued Shares	Held by Child No. of Issued Shares	% of Issued Shares
Tan Sri Asmat bin Kamaludin	-	-	3,000	15,000	Negligible
Total	-	-	3,000	15,000	Negligible

THIRTY LARGEST SHAREHOLDERS

Shareholders	No. of Shares	%
1. AmanahRaya Trustees Berhad – <i>Skim Amanah Saham Bumiputera</i>	425,000,000	36.38
2. Citigroup Nominees (Tempatan) Sdn. Bhd. – <i>Employees Provident Fund Board</i>	181,391,293	15.53
3. Permodalan Nasional Berhad	103,996,300	8.90
4. AmanahRaya Trustees Berhad – <i>Amanah Saham Wawasan 2020</i>	27,094,700	2.32
5. Kumpulan Wang Persaraan (Diperbadankan)	25,478,300	2.18
6. AmanahRaya Trustees Berhad – <i>Amanah Saham Malaysia</i>	25,000,000	2.14
7. Malaysia Nominees (Tempatan) Sendirian Berhad – <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	19,327,800	1.65
8. Cartaban Nominees (Tempatan) Sdn. Bhd. – <i>Exempt An For Eastspring Investments Berhad</i>	15,494,800	1.33
9. Cartaban Nominees (Asing) Sdn. Bhd. – <i>Exempt An For State Street Bank & Trust Company (West CLT OD67)</i>	14,826,027	1.27
10. HSBC Nominees (Asing) Sdn. Bhd. – <i>BBH And Co. Boston For Vanguard Emerging Markets Stock Index Fund</i>	12,414,620	1.06
11. HSBC Nominees (Asing) Sdn. Bhd. – <i>Pictet And CIE (Europe) For Pictet Global Selection Fund – Global High Yield Emerging Equities Fund</i>	8,276,100	0.71
12. AmanahRaya Trustees Berhad – <i>Public Islamic Select Enterprises Fund</i>	7,293,300	0.62
13. AmanahRaya Trustees Berhad – <i>Amanah Saham Didik</i>	7,279,700	0.62
14. Maybank Nominees (Tempatan) Sdn. Bhd. – <i>Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)</i>	7,000,000	0.60
15. HSBC Nominees (Asing) Sdn. Bhd. – <i>Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)</i>	6,988,408	0.60
16. AmanahRaya Trustees Berhad – <i>AS 1Malaysia</i>	6,963,400	0.60
17. HSBC Nominees (Asing) Sdn. Bhd. – <i>Exempt An For JPMorgan Chase Bank, National Association (JPME LAB AIF APG)</i>	6,656,300	0.57
18. Citigroup Nominees (Asing) Sdn. Bhd. – <i>Exempt An For Citibank New York (Norges Bank 12)</i>	6,597,400	0.56
19. AmanahRaya Trustees Berhad – <i>Public Islamic Dividend Fund</i>	6,524,400	0.56
20. Cartaban Nominees (Asing) Sdn. Bhd. – <i>GIC Private Limited For Government of Singapore (C)</i>	6,290,900	0.54

STATISTICS ON SHAREHOLDINGS

AS AT 31 MARCH 2015

THIRTY LARGEST SHAREHOLDERS (CONT'D.)

Shareholders	No. of Shares	%
21. Maybank Nominees (Tempatan) Sdn. Bhd. – <i>Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	6,058,800	0.52
22. HSBC Nominees (Asing) Sdn. Bhd. – <i>HSBC BK PLC For Saudi Arabian Monetary Agency</i>	5,827,300	0.50
23. HSBC Nominees (Asing) Sdn. Bhd. – <i>BNY Brussels For The Great Eastern Life Assurance Co Ltd</i>	5,729,600	0.49
24. Citigroup Nominees (Tempatan) Sdn. Bhd. – <i>Employees Provident Fund Board (NOMURA)</i>	4,781,800	0.41
25. HSBC Nominees (Asing) Sdn. Bhd. – <i>Exempt An For The Bank Of New York Mellon (Mellon Acct)</i>	4,602,626	0.39
26. HSBC Nominees (Asing) Sdn. Bhd. – <i>HSBC BK PLC For Kuwait Investment Office (KIO)</i>	4,000,000	0.34
27. DB (Malaysia) Nominee (Asing) Sdn. Bhd. – <i>Deutsche Bank AG Singapore For The Navis Asia Navigator Master Fund</i>	3,599,500	0.31
28. Cartaban Nominees (Asing) Sdn. Bhd. – <i>RBC Investor Services Bank For Robeco Capital Growth Funds</i>	3,569,400	0.31
29. HSBC Nominees (Asing) Sdn. Bhd. – <i>HSBC BK PLC For Abu Dhabi Investment Authority (AGUS)</i>	3,480,700	0.30
30. Citigroup Nominees (Tempatan) Sdn. Bhd. – <i>Exempt An For AIA Bhd.</i>	3,469,000	0.30
Total	965,012,474	82.60

SUBSTANTIAL SHAREHOLDERS

Shareholders	Direct		Indirect	
	Holdings No.	%	Holdings No.	%
1. Skim Amanah Saham Bumiputera	-	-	425,000,000	36.38
2. Employees Provident Fund Board*	-	-	193,592,193	16.57
3. Permodalan Nasional Berhad	103,996,300	8.90	-	-
4. Yayasan Pelaburan Bumiputra#	-	-	103,996,300	8.90

* Total shares held by Employees Provident Fund Board (“EPF”) include all securities accounts held by other nominees of EPF.

Deemed interested by virtue of its substantial interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965.

The above information was extracted from the Record of Depositors received from Bursa Malaysia Depository Sdn. Bhd. on 1 April 2015.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Appendix 9C of the Main Market Listing Requirements (“MMLR”) –

Utilisation of Proceeds

Status of utilisation of proceeds from the listing of UMW-OG on 1 November 2013, as at 31 March 2015 –

Purpose	Proposed Utilisation	Actual Utilisation To date	Intended Timeframe for Utilisation from 1 November 2013	Deviation in Amount and %
	RM million	RM million	Months	
Repayment of borrowings	203.0	203.0	24	nil
Working capital	547.5	183.8	24	n/a
Capital expenditure	200.0	49.6	24	n/a
IPO/Listing expenses	51.5	23.6	6	27.9 mil (54.2%)*
TOTAL	1,002.0	460.0		

Note:

* Actual expenses incurred were lower as management had successfully negotiated for lower fees. The unutilised balance will be used for working capital purposes.

Share Buy-Backs

There was no share buy-back by the Company during the financial year under review.

Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities by the Company during the financial year under review.

American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)

The Company did not sponsor any ADR or GDR programme during the financial year under review.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory body during the financial year under review.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2014 by the Company’s external auditors or their affiliates is disclosed in Note 29 of the Audited Financial Statements.

Variation in Results

There were no variances of 10% or more between the results for the financial year 2014 and the unaudited results previously announced.

Profit Guarantees

The Company did not give any profit guarantee during the financial year under review.

ADDITIONAL COMPLIANCE INFORMATION

Material Contracts

1. Joint Venture Agreement dated 2 February 1993 between PNB Equity Resource Corporation Sdn. Bhd. (“PNB EQUITY”), a related party, UMW Corporation Sdn. Bhd. (“UMWC”), Med-Bumikar Mara Sdn. Bhd., Daihatsu (Malaysia) Sdn. Bhd. (“DMSB”), Daihatsu Motor Co. Ltd. (“DMC”) and Mitsui & Co. Ltd. (“MBK”) in respect of a joint venture to set up Perusahaan Otomobil Kedua Sdn. Bhd. (“PERODUA”) to undertake Malaysia’s second national car project.

Supplement and Amendment Agreement dated 5 December 2001 between UMWC, DMC, MBM Resources Berhad (“MBM”), PNB EQUITY, MBK and DMSB in respect of the setting up of Perodua Auto Corporation Sdn. Bhd. and the restructuring of the manufacturing subsidiaries of PERODUA, i.e., Perodua Manufacturing Sdn. Bhd. (“PMSB”) and Perodua Engine Manufacturing Sdn. Bhd. (“PEMSB”) to enable the PERODUA Group to acquire the ability to compete in the post-AFTA era with assistance from DMC, through DMC’s management control in PMSB and PEMS, in improving production efficiencies, reducing cost and enhancing quality and increasing PERODUA’s competitiveness in the industry.

Supplemental Agreement dated 22 April 2013 between PNB EQUITY, UMWC, MBM, DMSB, DMC, MBK and Mitsui Co. (Asia-Pacific) Pte. Ltd., in respect of the setting up a new manufacturing company, i.e., Perodua Global Manufacturing Sdn. Bhd. (“PGMSB”) and the construction of a new plant, to enable the PERODUA Group to achieve global competitiveness in a shorter time with assistance from DMC, through DMC’s management control in PGMSB, by reforming corporate culture, exercising structural transformation of systems, including but without limitation, to procurement system and/or personnel system.

PNB EQUITY is a wholly-owned subsidiary of Permodalan Nasional Berhad (“PNB”) and the PNB Group is the largest shareholder of UMW Holdings Berhad, the parent company of UMWC, and therefore a related party.

2. Shareholders’ Agreement dated 2 July 1997 (“the Agreement”) between UMW-PNSB Development Sdn. Bhd., (now known as UMW Development Sdn. Bhd.) (“UMW Development”), UMW Corporation Sdn. Bhd. (“UMWC”), TTDI Development Sdn. Bhd. (“TTDI”), formerly a Permodalan Nasional Berhad-related party, and Permodalan Negeri Selangor Berhad (“PNSB”) in connection with the joint venture between the parties for a property development project. Pursuant to the Agreement, TTDI acquired 19% and 20% from UMWC and PNSB, respectively, of the total issued and paid-up share capital of UMW Development for a total cash consideration of RM25,326,525 and RM26,659,500. A Supplementary Shareholders’ Agreement dated 31 March 1998 (supplemental to the Shareholders’ Agreement dated 2 July 1997) between UMW Development, UMWC, TTDI and PNSB to facilitate the payment of the purchase price by TTDI to UMWC and PNSB. Supplementary Shareholders’ Agreement No. 2 dated 24 November 2000 between UMW Development, UMWC, TTDI and PNSB in respect of the amendments to the pre-emption rights of the shareholders. Pursuant to this Agreement, Permodalan Nasional Berhad (“PNB”) acquired 39% of the equity holding of TTDI in UMW Development in May 2001. PNB is now a shareholder of UMW Development and the PNB Group is the largest shareholder of UMW Holdings Berhad, the parent company of UMWC, and therefore a related party.
3. Joint Venture Agreement dated 5 July 2004 between UMW Corporation Sdn. Bhd. (“UMWC”), a wholly-owned subsidiary of UMW Holdings Berhad (“UMWH”), Toyota Tsusho Corporation, Japan (“TTC”) and Toyota Tsusho (Malaysia) Sdn. Bhd. (“TTM”) for the setting up of a joint venture operation, under UMW Toyotsu Motors Sdn. Bhd. (“UMW Toyotsu”) in which UMW Toyotsu will be an authorised non-executive dealer of UMW Toyota Motor Sdn. Bhd. (“UMWT”), a 51%-owned subsidiary of UMWC.

Toyota Motor Corporation, Japan (“TMC”), a 39% shareholder of UMWT, owns 21.73% equity interest in TTC. TTC, a 10% shareholder of UMWT is also a 70% shareholder of TTM. TMC and TTC are deemed to be related parties by virtue of their direct interest in UMWT.

ADDITIONAL COMPLIANCE INFORMATION

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the AGM of the Company held on 19 June 2014, the Company had obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT").

In accordance with Paragraph 10.09(2)(b) of the MMLR, details of RRPT conducted during the financial year ended 31 December 2014 pursuant to the Shareholders' Mandate are as follows –

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
Toyota Motor Corporation, Japan ("TMC")	<p>Denso International Asia Pte. Ltd., Singapore ("DIA") has 72.73% equity interest in Denso (Malaysia) Sdn Bhd ("Denso"). DIA is a wholly-owned subsidiary of Denso Corporation, Japan, a company in which TMC has 22.31% equity interest.</p> <p>TMC has direct and indirect interests in UMW Toyota Motor Sdn. Bhd. ("UMWT") and its subsidiaries by virtue of its direct 39% shareholding in UMWT, a 51%-owned subsidiary of UMW Corporation Sdn. Bhd. ("UMWC"), which is in turn a wholly-owned subsidiary of UMW Holdings Berhad ("UMWH").</p> <p>UMWT has 100% equity interest in Assembly Services Sdn. Bhd. ("ASSB").</p>	<ul style="list-style-type: none"> Sale of vehicle parts by Denso to UMWT, a subsidiary of UMWC Sale of vehicle parts by Denso to ASSB, a wholly-owned subsidiary of UMWT 	<p>531,113</p> <p>177,153</p>
TMC	<p>TMC has 22.57% equity interest in JTEKT Corporation, which in turn has 90% equity interest in JTEKT Automotive (Malaysia) Sdn. Bhd. ("JAMSB").</p> <p>UMWT has 10% equity interest in JAMSB.</p>	<ul style="list-style-type: none"> Sale of vehicle spare parts/local parts by JAMSB to UMWT, a subsidiary of UMWC 	179,029
TMC	<p>TMC has indirect interest in Perodua Engine Manufacturing Sdn. Bhd. ("PEMSB"), 28%-owned associated company of UMWC, vide its 51.19%-owned subsidiary, Daihatsu Motor Co., Ltd., Japan ("DMC").</p> <p>DMC has 20% and 41% equity interests in Perusahaan Otomobil Kedua Sdn. Bhd. ("PERODUA") and Perodua Auto Corporation Sdn. Bhd. ("PCSB"), a 19%-owned associated company of UMWC, respectively.</p> <p>PERODUA and PCSB in turn, have 49% and 51% equity interests in PEMS, respectively.</p> <p>UMWT has 100% equity interest in Automotive Industries Sendirian Berhad ("AISB").</p>	<ul style="list-style-type: none"> Sale of stamping parts/manifold assembly exhaust by AISB, a wholly-owned subsidiary of UMWT, to PEMS 	76,048

ADDITIONAL COMPLIANCE INFORMATION

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
TMC	<p>TMC has direct and indirect interests in UMWT and its subsidiaries by virtue of its direct 39% shareholding in UMWT, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMWH.</p> <p>TMC has indirect interest in Toyota Boshoku UMW Sdn. Bhd. ("TBU"), vide its 39% equity interest in UMWT and 39.25% equity interest in Toyota Boshoku Corporation ("TBC"). UMWT and TBC in turn have 65% and 35% equity interest in TBU, respectively.</p> <p>TMC has 21.57% equity interest in TTC.</p> <p>TTC is a major shareholder of Toyota Tsusho (Malaysia) Sdn. Bhd. ("TTM") as TTC has 70% equity interest therein.</p> <p>UMWT has 100% equity interest in ASSB.</p>	<ul style="list-style-type: none"> Sale of completed vehicle seats, local vehicle OE parts by TBU to ASSB, a wholly-owned subsidiary of UMWT Sale of fabric and CKD seat component by TTM to TBU, a subsidiary of UMWT 	<p>241,481</p> <p>99,435</p>
Toyota Tsusho Corporation, Japan ("TTC")	<p>TMC has an indirect interest in UMWT through its associated company, TTC, by virtue of TTC's 10% direct shareholding in UMWT.</p> <p>TMC has 21.57% equity interest in TTC.</p> <p>TTC is a major shareholder of Toyota Tsusho (Malaysia) Sdn. Bhd. ("TTM") as TTC has 70% equity interest therein.</p> <p>TTC and TTM have 51% and 19% equity interests in UMW Toyotsu Motors Sdn. Bhd. ("UMW Toyotsu"), a 30%-owned associated company of UMWC, respectively.</p>	<ul style="list-style-type: none"> Sale of vehicles and parts by UMWT, a subsidiary of UMWC, to UMW Toyotsu 	146,439

Notwithstanding the related party disclosures already presented in the audited financial statements in accordance with Malaysian Financial Reporting Standard No. 124 ("MFRS 124"), the above disclosures are made in order to comply with Paragraph 10.09 of the MMLR with regard to the value of RRPT conducted in accordance with the Shareholders' Mandate during the financial year, as the scope of related party relationships and disclosures contemplated by the MMLR are, to a certain extent, different from those of MFRS 124.

The shareholdings of the respective interested Major Shareholders as shown above are based on information disclosed in the Circular to Shareholders dated 27 May 2014 in relation to the Proposed Renewal of Shareholders' Mandate for Existing RRPT.

TOP TEN PROPERTIES HELD BY THE UMW GROUP

AS AT 31 DECEMBER 2014

Location	Description	Existing Use	Tenure	Approximate Area of Land/ Built-up (Sq. Metres)	Approximate Age of Building (Years)	Revaluation Date	Acquisition Date	Net Book Value (RM)
1. Klang No. 1, Jalan Keluli 2/KU2 Kawasan Perindustrian Bukit Raja, Klang Selangor	Industrial Land	Integrated Quality Hub, Test Track and Centralised Body & Paint Centre	Freehold	Land - 354,261.0 Built-up - 27,753.3	3	-	28.12.2008	74,960,655
2. Ulu Selangor Lot 15001 to 15009 and Lot 15019 to 15024 and PT 16042 to 16045, PT 16050 and PT 16052 to PT16056 Mukim Serendah Ulu Selangor, Selangor	Industrial Land	Vacant	Leasehold 99 years expiring 25.10.2098 and Leasehold 99 years expiring 07.07.2109	Land - 2,963,743.3 Built-up - Nil	-	-	17.04.1995	74,489,047
3. Shah Alam No. 2, Persiaran Raja Muda Section 15, Shah Alam Selangor	Commercial Land	UMW Toyota Motor Head Office	Leasehold 99 years expiring 22.07.2067	Land - 24,283.2 Built-up - 19,840.5	10	-	06.08.1985	40,761,126
4. Subang Part of Lot 61716 H.S (D) 58036 Bandar Subang Jaya Daerah Petaling, Selangor	Commercial Land	Showroom, Parts & Service Centre	Freehold	Land - 10,967.1 Built-up - 10,219.3	7	-	28.03.2006	35,958,808
5. Penang No. 8, Jalan Jelutong Section 9W Bandar Georgetown North-East District Pulau Pinang	Industrial Land	Showroom, Parts & Service Centre	Freehold	Land - 12,137.8 Built-up - 2,653.8	7	-	29.12.2003	34,904,354
6. Shah Alam Lot 51, Jalan Pengisar (15/9) Section 15, Shah Alam, Selangor	Industrial Land	Temporary Carpark	Leasehold 99 years expiring 14.10.2069	Land - 24,943.7 Built-up - 5,067.3	-	06.05.2014	20.08.2014	28,270,909
7. Shah Alam No. 19, Jalan Subang Utama 2 (Jalan Puchong) Lion Industrial Park Section 22 Shah Alam, Selangor	Industrial Land	Automotive Industries Sendirian Berhad	Freehold	Land - 46,871.0 Built-up - 821.0	12	-	14.05.1997	26,752,477
8. Petaling Jaya Lot 1, Jalan 19/1 Section 19 Petaling Jaya, Selangor	Industrial Land	Showroom, Body & Paint, Parts & Service Centre	Leasehold 99 years expiring 28.06.2061	Land - 17,094.0 Built-up - 11,632.1	9	-	15.06.1991	25,019,407
9. Batu Pahat Geran 49065 Bandar Penggaram Daerah Batu Pahat, Johor	Industrial Land	Showroom, Body & Paint, Parts & Service Centre	Freehold	Land - 10,496.5 Built-up - 2,620.0	7	-	28.09.2005	24,937,448
10. Ipoh Lot 4798, Mukim Ulu Kinta Daerah Kinta Jalan Kuala Kangsar Ipoh, Perak	Industrial Land	Showroom, Body & Paint, Parts & Service Centre	Leasehold 999 years expiring 02.01.2895	Land - 10,918.7 Built-up - 17,960.0	4	-	13.12.1995	24,695,419

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DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group and of the Company are referred to in Note 1 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	1,213,005	414,179
Attributable to:		
Equity holders of the Company	651,970	414,179
Non-controlling interests	561,035	-
	1,213,005	414,179

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

DIVIDENDS

The amounts of dividends paid or declared by the Company since 31 December 2013 were as follows:

	RM'000
In respect of the financial year ended 31 December 2013 and as reported in the directors report in that year:	
Second interim single-tier dividend of 30% or 15.0 sen declared on 21 November 2013 and paid on 20 January 2014	175,244
Special interim single-tier dividend of 20% or 10.0 sen declared on 21 November 2013 and paid on 20 January 2014	116,829
Third interim single-tier dividend of 18% or 9.0 sen declared on 26 February 2014 and paid on 25 April 2014	105,146
In respect of the financial year ended 31 December 2014:	
First interim single-tier dividend of 20% or 10.0 sen declared on 27 August 2014 and paid on 8 October 2014	116,829
Second interim single-tier dividend of 30% or 15.0 sen declared on 26 November 2014 and paid on 20 January 2015	175,244

DIRECTORS' REPORT (CONT'D.)

DIVIDENDS (CONT'D.)

A third interim single-tier dividend in respect of the current financial year of 32% or 16.0 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM186.9 million (2013: a single-tier dividend of 18% or 9.0 sen per share of RM0.50 each, amounting to RM105.1 million net dividend) was declared on 26 February 2015 and will be paid to the shareholders on 24 April 2015. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2015.

The directors do not recommend the payment of any final dividend in respect of financial year ended 31 December 2014.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Asmat bin Kamaludin
 Datuk Syed Hisham bin Syed Wazir
 Dr. Leong Chik Weng
 Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani
 Dato' Siow Kim Lun @ Siow Kim Lin
 Dato' Mohd Nizam bin Zainordin
 Khalid bin Sufat
 Rohaya binti Mohammad Yusof
 Tan Sri Hasmah binti Abdullah

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 29 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations except for the following:

	← Number of Ordinary Shares of RM0.50 Each →			
	1 January 2014	Bought	Sold	31 December 2014
The Company				
Indirect Interest				
Tan Sri Asmat bin Kamaludin	15,000	3,000	-	18,000

DIRECTORS' REPORT (CONT'D.)

DIRECTORS' INTEREST (CONT'D.)

Related company - UMW Oil & Gas Corporation Berhad	← Number of Ordinary Shares of RM0.50 Each →			
	1 January 2014	Bought	Sold	31 December 2014
Direct Interest				
Tan Sri Asmat bin Kamaludin	300,000	-	-	300,000
Datuk Syed Hisham bin Syed Wazir	500,000	-	50,000	450,000
Dr. Leong Chik Weng	150,000	-	-	150,000
Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani	225,000	-	150,000	75,000
Dato' Siow Kim Lun @ Siow Kim Lin	300,000	-	200,000	100,000
Dato' Mohd Nizam bin Zainordin	300,000	-	300,000	-
Khalid bin Sufat	300,000	-	230,000	70,000
Indirect Interest				
Tan Sri Asmat bin Kamaludin	4,000*	-	-	4,000
Dato' Siow Kim Lun @ Siow Kim Lin	-	15,000*	-	15,000

* Indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment loss on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment loss on receivables had been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for impairment loss on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (CONT'D.)

OTHER STATUTORY INFORMATION (CONT'D.)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading or inappropriate.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in the financial statements, other significant events are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are as disclosed in Note 42 to the financial statements.

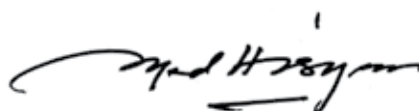
AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2015.



TAN SRI ASMAT BIN KAMALUDIN



DATUK SYED HISHAM BIN SYED WAZIR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

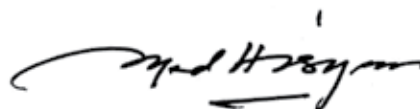
We, **TAN SRI ASMAT BIN KAMALUDIN** and **DATUK SYED HISHAM BIN SYED WAZIR**, being two of the directors of **UMW HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 105 to 231 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 47 on page 232 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2015.



TAN SRI ASMAT BIN KAMALUDIN



DATUK SYED HISHAM BIN SYED WAZIR

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, **AZMIN BIN CHE YUSOFF**, being the officer primarily responsible for the financial management of **UMW HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 105 to 232 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **AZMIN BIN CHE YUSOFF** at Shah Alam in Selangor Darul Ehsan on 15 April 2015

Before me,



No. 7-1F
Jln. Boling Padang G 13/G,
Seksyen 13 40100 Shah Alam
Selangor



AZMIN BIN CHE YUSOFF

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UMW HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of UMW Holdings Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 105 to 231.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

TO THE MEMBERS OF UMW HOLDINGS BERHAD (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 38 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 47 on page 232 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
15 April 2015



AHMAD ZAHIRUDIN BIN ABDUL RAHIM
No. 2607/12/16(J)
Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,669,692	3,898,853
Investment properties	5	3,850	4,553
Intangible assets	6	25,555	37,856
Land use rights	7	6,580	6,697
Leased assets	8	267,701	259,163
Receivables	16	2,483	8,614
Investment in joint ventures	10	59,982	57,909
Investment in associates	11	1,797,456	1,696,035
Deferred tax assets	12	65,824	57,576
Other investments	13	21,175	41,928
Derivative assets	14	5,631	7,232
		7,925,929	6,076,416
Current assets			
Inventories	15	1,830,408	1,754,167
Receivables	16	2,078,546	1,855,065
Other investments	13	1,181,759	2,331,470
Tax recoverable		9,343	17,522
Derivative assets	14	382	371
Deposits, cash and bank balances	17	3,370,710	2,557,694
		8,471,148	8,516,289
Non-current assets held for sale	18	122,597	2,442
		8,593,745	8,518,731
TOTAL ASSETS		16,519,674	14,595,147

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)

As at 31 December 2014

	Note	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	584,147	584,147
Share premium		794,482	794,482
Capital reserve		396	396
Hedging reserve	20	45	(359)
Foreign currency translation reserve	20	92,544	27,022
Retained profits		5,108,848	4,884,679
		6,580,462	6,290,367
Non-controlling interests		2,852,595	2,642,165
Total equity		9,433,057	8,932,532
Non-current liabilities			
Provision for warranties	21	30,468	44,680
Deferred tax liabilities	12	27,354	30,111
Long term borrowings	22	1,803,038	1,524,177
Payables	25	48,600	-
Derivative liabilities	14	107,536	77,669
		2,016,996	1,676,637
Current liabilities			
Provision for warranties	21	57,516	56,071
Taxation		82,753	86,300
Short term borrowings	24	2,386,737	1,464,325
Payables	25	2,217,049	2,070,122
Dividend payable	34	175,244	292,073
Derivative liabilities	14	29,142	17,087
Liabilities associated with assets held for sale	18	121,180	-
		5,069,621	3,985,978
Total liabilities		7,086,617	5,662,615
TOTAL EQUITY AND LIABILITIES		16,519,674	14,595,147

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
Note	RM'000	RM'000
Revenue	26 14,932,490	13,951,460
Other operating income	27 213,933	244,621
Changes in inventories	81,816	(120,936)
Finished goods purchased	(10,303,070)	(9,475,388)
Raw materials and consumables used	(557,375)	(613,142)
Employee benefits	28 (1,116,528)	(1,018,634)
Depreciation and amortisation	(378,744)	(325,286)
Other operating expenses	(1,439,615)	(1,346,239)
Profit from operations	1,432,907	1,296,456
Finance costs	30 (85,146)	(99,161)
Investment income	31 134,051	80,841
Share of results of associates and joint ventures	139,648	157,537
Profit before zakat and taxation	29 1,621,460	1,435,673
Zakat	(14,787)	(1,012)
Income tax expense	32 (393,668)	(350,449)
Profit for the year	1,213,005	1,084,212
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	122,144	64,934
Fair value gain on cash flow hedge	404	1,704
Other comprehensive income for the year, net of tax	122,548	66,638
Total comprehensive income for the year	1,335,553	1,150,850
Profit for the year attributable to:		
Equity holders of the Company	651,970	652,926
Non-controlling interests	561,035	431,286
	1,213,005	1,084,212
Total comprehensive income attributable to:		
Equity holders of the Company	717,896	726,655
Non-controlling interests	617,657	424,195
	1,335,553	1,150,850
Earnings per share attributable to equity holders of the Company (sen):		
Basic/Diluted	33 55.8	55.9

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Non-distributable			Distributable			Total equity RM'000		
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Hedging reserve RM'000	Retained profits RM'000		Non-controlling interests RM'000	
At 1 January 2013	584,147	794,482	(39,797)	396	(2,063)	3,511,084	4,848,249	1,450,167	6,298,416
Total comprehensive income	-	-	72,025	-	1,704	652,926	726,655	424,195	1,150,850
Transactions with owners									
Dividends (Note 34)	-	-	-	-	-	(700,976)	(700,976)	(466,174)	(1,167,150)
Issuance of ordinary shares by a subsidiary	-	-	-	-	-	-	-	560	560
Dilution of interest in a subsidiary (Note 9)	-	-	(5,206)	-	-	1,413,830	1,408,624	1,251,406	2,660,030
Acquisition of non-controlling interest (Note 9)	-	-	-	-	-	7,815	7,815	(17,989)	(10,174)
Total transactions with owners	-	-	(5,206)	-	-	720,669	715,463	767,803	1,483,266
At 31 December 2013	584,147	794,482	27,022	396	(359)	4,884,679	6,290,367	2,642,165	8,932,532
At 1 January 2014	584,147	794,482	27,022	396	(359)	4,884,679	6,290,367	2,642,165	8,932,532
Total comprehensive income	-	-	65,522	-	404	651,970	717,896	617,657	1,335,553
Transactions with owners									
Dividends (Note 34)	-	-	-	-	-	(397,219)	(397,219)	(433,114)	(830,333)
Acquisition of non-controlling interest (Note 9)	-	-	-	-	-	(30,582)	(30,582)	25,887	(4,695)
Total transactions with owners	-	-	-	-	-	(427,801)	(427,801)	(407,227)	(835,028)
At 31 December 2014	584,147	794,482	92,544	396	45	5,108,848	6,580,462	2,852,595	9,433,057

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and taxation	1,621,460	1,435,673
Adjustments for:		
Bad debts written off	37	1,684
Depreciation and amortisation	378,744	325,286
Net impairment/(reversal of impairment) losses on:		
- receivables	18,569	79,080
- leased assets	235	1,478
- property, plant and equipment	(55)	(4,872)
- investment in joint ventures	86,458	53,474
- investment in associates	27,779	(35,606)
- available-for-sale investment	162	34
Dividend income from investments	(2,876)	(7,849)
Net gain on disposal of investments	(760)	(4,977)
Impairment of goodwill	12,274	87,414
Interest expense	85,146	99,161
Interest income	(131,175)	(72,992)
Net gain on disposal of property, plant and equipment, non-current assets held for sale and leased assets	(65,068)	(75,267)
Net provision/(reversal) of inventories written down	8,584	(6,631)
Property, plant and equipment written off	945	8,660
Net provision/(reversal) of provision for warranties	21,431	(17,271)
Re-measurement of assets held for sale	93,000	-
(Reversal)/provision for unutilised leave	(5,205)	3,462
Net fair value (gains)/losses on financial assets	(3,751)	8,474
Share of results of associates	(171,978)	(206,248)
Share of results of joint ventures	32,330	48,711
Net fair value losses on derivatives	42,261	103,151
Net unrealised foreign exchange (gain)/losses	(22,103)	14,400
Operating profit before working capital changes	2,026,444	1,838,429
Receivables	(255,947)	(399,245)
Inventories	(99,405)	14,771
Provision for warranties	(34,367)	(10,183)
Payables	240,582	(29,068)
Cash generated from operating activities	1,877,307	1,414,704
Interest paid	(94,091)	(92,769)
Zakat and taxes paid	(418,267)	(374,377)
Net cash generated from operating activities	1,364,949	947,558

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)

For the year ended 31 December 2014

	2014	2013
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of additional shares/acquisition of a subsidiary	(4,695)	(216,875)
Proceeds from issuance of shares by subsidiaries to non-controlling interests	-	560
Additional investment in joint ventures and associates	(107,489)	(63,727)
Purchase of investment in available-for-sale financial asset	(4,181)	(23,850)
Net proceeds from disposal of shares in UMW-OG	-	2,660,030
Purchase of property, plant and equipment, investment properties and leased assets	(2,185,546)	(999,937)
Proceeds from disposal of property, plant and equipment, non-current assets held for sale and leased assets	106,977	166,642
Proceeds from disposal of other investments	2,256,052	1,191,939
Purchase of other investments	(1,100,119)	(3,006,417)
Interest received	131,175	72,992
Dividends received from associates and other investments	121,526	124,843
Withdrawal/(placement) of deposits	472,200	(702,500)
Placement of deposits pledged with banks	(885)	(1,543)
Net cash used in investing activities	(314,985)	(797,843)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of long term borrowings	518,617	677,268
Repayment of long term borrowings	(157,474)	(784,358)
Net movement in short term borrowings	790,422	347,837
Repayment of finance lease payables	(853)	(1,381)
Dividends paid to equity holders of the Company	(514,048)	(584,147)
Dividends paid to non-controlling interests	(433,114)	(466,174)
Net cash generated from/(used in) financing activities	203,550	(810,955)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,253,514	(661,240)
EFFECTS OF EXCHANGE RATE CHANGES	6,435	6,927
CASH AND CASH EQUIVALENTS ASSOCIATED WITH ASSETS HELD FOR SALE	5,351	-
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	1,565,067	2,219,380
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	2,830,367	1,565,067
Cash and cash equivalents comprise:		
Cash and bank balances (Note 17)	526,169	518,339
Deposits with licensed banks (Note 17)	2,844,541	2,039,355
	3,370,710	2,557,694
Less: Bank overdrafts (Note 24)	(94,158)	(75,127)
Less: Deposits with a maturity of more than 3 months (Note 17)	(443,300)	(915,500)
Less: Deposits pledged with banks (Note 17)	(2,885)	(2,000)
	2,830,367	1,565,067

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Plant and equipment	4	17	623
Investment in subsidiaries	9	1,788,002	1,783,307
Investment in an associate	11	25,800	-
Other investments	13	-	23,850
Due from subsidiaries	16	390,272	173,886
		2,204,091	1,981,666
Current assets			
Other investments	13	389,133	1,029,249
Receivables	16	654	1,238
Due from subsidiaries	16	470,581	90,919
Tax recoverable		1,063	1,435
Deposits, cash and bank balances	17	94,201	79,044
		955,632	1,201,885
TOTAL ASSETS		3,159,723	3,183,551
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	584,147	584,147
Share premium		794,482	794,482
Retained profits	34	702,761	685,801
Total equity		2,081,390	2,064,430
Non-current liabilities			
Long term borrowings	22	629,874	739,770
Payables	25	28,137	-
Derivative liabilities	14	104,680	73,894
		762,691	813,664
Current liabilities			
Short term borrowings	24	109,982	-
Payables	25	15,762	13,384
Dividend payable	34	175,244	292,073
Derivative liabilities	14	14,654	-
		315,642	305,457
Total liabilities		1,078,333	1,119,121
TOTAL EQUITY AND LIABILITIES		3,159,723	3,183,551

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

		2014	2013
	Note	RM'000	RM'000
Revenue	26	488,930	543,788
Other operating income	27	33,967	931,359
Depreciation		(15)	(74)
Other operating expenses		(131,953)	(280,904)
Profit from operations		390,929	1,194,169
Finance costs	30	(19,635)	(42,588)
Investment income	31	58,074	38,841
Profit before zakat and taxation	29	429,368	1,190,422
Zakat		(14,787)	(1,012)
Income tax expense	32	(402)	(387)
Profit for the year, representing total comprehensive income for the year		414,179	1,189,023

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2013	584,147	794,482	197,754	1,576,383
Total comprehensive income	-	-	1,189,023	1,189,023
Transactions with owners:				
Dividends (Note 34)	-	-	(700,976)	(700,976)
At 31 December 2013	584,147	794,482	685,801	2,064,430
At 1 January 2014	584,147	794,482	685,801	2,064,430
Total comprehensive income	-	-	414,179	414,179
Transactions with owners:				
Dividends (Note 34)	-	-	(397,219)	(397,219)
At 31 December 2014	584,147	794,482	702,761	2,081,390

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and taxation	429,368	1,190,422
Adjustments for:		
Amortisation of financial guarantee	-	(501)
Interest expense	19,635	42,588
Gain on disposal of shares in a subsidiary	-	(823,071)
Net gain on sale of cash funds	(2,730)	-
Loss on disposal of motor vehicles	352	80
Investment income	(58,074)	(38,841)
Dividend income from subsidiaries	(488,930)	(543,788)
Depreciation	15	74
Net fair value loss/(gain) on financial assets	1,390	(1,303)
Net impairment/(write back of impairment) on investment in subsidiaries	34,409	(15,000)
Allowance for impairment loss on amount due from subsidiaries	43,367	164,357
Net unrealised foreign exchange gains	(31,519)	(24,950)
Net fair value losses on derivatives	45,440	100,592
Operating (loss)/profit before working capital changes	(7,277)	50,659
Receivables	404	317
Amounts due from subsidiaries	(85,374)	104,831
Payables	(4,041)	8,823
Cash (used in)/generated from operations	(96,288)	164,630
Interest paid	(19,488)	(44,474)
Zakat and taxes paid	(14,817)	(1,399)
Net cash (used in)/generated from operating activities	(130,593)	118,757

STATEMENT OF CASH FLOWS (CONT'D.)

For the year ended 31 December 2014

	2014	2013
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	24,748	38,268
Dividends received	-	543,788
Purchase of other investments	(180,544)	(1,624,825)
Purchase of equipment	(18)	-
Proceeds from disposal of shares pursuant to listing of UMW-OG	-	1,002,000
Purchase of investment in an associated company	(1,950)	-
Purchase of investment in available-for-sale financial assets	-	(23,850)
Proceeds from disposal of other investments	822,000	618,500
Proceeds from disposal of motor vehicles	257	59
Additional investment in a subsidiary	(4,695)	(45,000)
Net cash generated from investing activities	659,798	508,940
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	-	(59,825)
Proceeds from settlement of derivatives	-	27,190
Dividends paid to equity holders of the Company	(514,048)	(584,147)
Net cash used in financing activities	(514,048)	(616,782)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,157	10,915
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	79,044	68,129
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	94,201	79,044
Cash and cash equivalents comprise:		
Cash and bank balances (Note 17)	35,365	68,839
Deposits with licensed banks (Note 17)	58,836	10,205
	94,201	79,044

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. CORPORATE INFORMATION

The Company is an investment holding company.

The principal activities of the subsidiaries are as disclosed in Note 38 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") as issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

These financial statements also comply with the applicable disclosure provisions of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand RM except when otherwise indicated.

As at 1 January 2014, the Group and Company had adopted new amendments and revised MFRS (collectively referred as "pronouncements") that have been issued by the MASB as described in Note 2.2.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies and disclosures

On 1 January 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group and the Company, since the Group and the Company do not have any offsetting arrangements.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 removes the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13: Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group’s and the Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards and IC Interpretations will have no material impact on the financial statements in the period of initial application except as disclosed below:

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of the MFRS 15 and plans to adopt the new standard on the required effective date.

2.4 Summary of significant accounting policies

(a) Subsidiaries, basis of consolidation, associates and joint arrangements

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

(i) Basis of consolidation (cont'd.)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

(ii) Business combinations (cont'd.)

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

(iii) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(iv) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

(v) Joint arrangement

A joint arrangement is an arrangement of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangement's returns.

Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as a joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. Whilst, a joint arrangement is classified as a joint venture when the Group has rights only to the net assets of the arrangements. The Group has classified its joint arrangement as joint venture and accounted for its interest in joint venture using the equity method as described in Note 2.4(a)(vi).

(vi) Equity method of accounting

Under the equity method, the investments in associate and joint venture are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate and joint venture. The Group's share of the net profit or loss of the associate and joint venture is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss. The associate or joint venture is equity accounted for from the date the Group exercises significant influence over the financial and operating policies of the associate until the date the Group ceases to have significant influence over the associate or joint venture.

Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's or joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss in the year in which the investment is acquired.

When the Group's share of losses in associate or joint venture equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the holding company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

(vi) Equity method of accounting (cont'd.)

The most recent available audited financial statements of the associate or joint venture is used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

In the separate financial statements of the Company and of the Group's subsidiaries, investments in subsidiaries, associate and joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are either included in the asset's carrying amount or recognised as a separate asset, provided costs can be measured reliably and it is probable that future economic benefits associated with these costs will flow to the Group.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Periodic survey and drydocking costs are incurred in connection with obtaining regulatory certification to operate the rigs on an ongoing basis. Costs associated with the certification are deferred and amortised on a straight-line basis over the period between surveys and drydocking. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the profit or loss during the financial period which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Property, plant and equipment (cont'd.)

Freehold land and assets-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates or periods:

Leasehold land - finance lease		Over lease period of 50 - 99 years
Buildings	)	Over period of 50 years or period of the
	)	land lease, whichever is the shorter
Plant and machinery		3% - 33%
Rigs and hydraulic workover units ("HWUs")		3% - 10%
Drilling equipment		3% - 50%
Office equipment, furniture and fittings		10% - 50%
Motor vehicles		20% - 33%
Renovation and improvements		10% - 16%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income in the year the asset is derecognised.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(z).

(c) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

Upon the disposal of a land use right, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit or loss.

When an indication of impairment exists, the carrying amount of the land use rights is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(z).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Leased assets

Leased assets represent plant and equipment leased by the Group to third parties under operating leases.

Depreciation of leased assets is provided for on a straight-line basis calculated to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates of depreciation:

Plant and machinery	12.5% - 33.3%
Other equipment and tools	12.5%

The accounting policies for leased assets are the same as that for property, plant and equipment in all respects.

(e) Investment properties

Investment property is land or buildings held by the Group or held under finance leases, to earn rental income or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Depreciation of other investment property is provided for on a straight-line basis to write off the cost to its residual value over its estimated useful life at the following periods:

Leasehold land - finance lease	)	Over lease period of 50 - 99 years
Buildings	)	Over a period of 50 years or period of the lease whichever is the shorter

Upon the disposal of an item of investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(z).

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Financial assets (cont'd.)

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) and other investments or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Fair value through profit or loss comprises investment in cash funds, quoted shares, and derivatives.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those with maturity dates later than 12 months from the reporting date are classified as non-current.

Loans and receivables of the Group and of the Company comprise of trade and other receivables (other than accrued income and prepayments), due from related companies and cash and bank balances.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Financial assets (cont'd.)

(iii) Held-to-maturity investments (cont'd.)

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

In prior year, the Group has designated its other investments in mutual funds as held-to-maturity investments.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio that past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value or being within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In arriving at net realisable value, due allowance has been made for obsolete and slow-moving items.

Cost is determined principally by the following methods:

Equipment, unassembled and completed vehicles and attachments	- specific identification
Finished goods, work-in-progress, raw materials, spares and consumables	- weighted average

Cost includes the invoiced value of inventories purchased plus incidental expenses.

For manufactured goods, completed vehicles, attachments and work-in-progress, cost includes cost of raw materials, direct labour and the appropriate production overheads.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

(k) Foreign currencies

(i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in currencies other than the entity's functional currency ("foreign currencies") are initially converted into functional currency at rates of exchange ruling at the transaction dates.

Non-monetary items

At each financial reporting date, foreign currency non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Foreign currencies (cont'd.)

(ii) Foreign currency transactions (cont'd.)

Monetary items

At each reporting date, foreign currency monetary items are translated into functional currency at exchange rates ruling at that date.

- Entity's financial statements

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

- Consolidated financial statements

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are taken directly to the foreign currency translation reserve within other comprehensive income until the disposal of the foreign operations, at which time they are recognised in profit or loss.

(iii) Foreign operations

Financial statements of foreign subsidiaries consolidated are translated at year-end exchange rates with respect to the assets and liabilities, and at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions with respect to the profit or loss. All resulting translation differences are included in the foreign currency translation reserve within other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are recorded in the functional currency of the foreign operation and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(n) Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

(o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(p) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(q) Zakat

This represents business zakat payable by the Group and the Company. Zakat in the form of contribution is calculated based on certain percentage of the net current asset or profit after taxation according to the principles of Syariah.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Income tax

Income tax on the profit or loss for the period comprises current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Revenue from sale of goods is recognised net of sales discounts when transfer of significant risks and rewards of ownership has been completed. Revenue is recognised net of sales tax and services tax and includes excise duties.
- (ii) Revenue from services rendered is recognised net of service tax on accrual basis as and when services are performed.
- (iii) Rental income on operating lease transactions is accounted for on a straight-line basis over the lease term.
- (iv) Finance lease interest from the leasing of assets are recognised according to the effective interest method so as to provide constant periodic rate of return on the net investment.
- (v) Dividend income is recognised when the shareholders' rights to receive payment is established.
- (vi) Revenue from the provision of drilling and workover services include minimum lease payments from customers under day-rate based contracts and other services. Revenue generated from day-rate based contracts, which are classified as operating leases by the Group, are recognised over the period the service is rendered.

Day-rate based contracts may include lump-sum fee for mobilisation and demobilisation which are recognised based on the policies stated in Note 2.4(s)(vii) and (viii). Fees received from customer under contract for upgrade to the rig is deferred and recognised over the contract term.

Additional payments for meeting or exceeding certain performance targets are recognised when it is probable that the economic benefits associated with the transaction will flow to the entity.

- (vii) Lump sum mobilisation fees received on drilling and workover services contracts are deferred and recognised on a straight-line basis over the period that the related drilling services are performed.

Mobilisation costs incurred as part of a contract are deferred and recognised as expense over the contract period. The costs of relocating drilling rigs that are not under a contract are expensed as incurred.

- (viii) Demobilisation costs are costs related to the transfer of a drilling rig to a safe harbour or different geographical area and are expensed as incurred.

Demobilisation fees on drilling and workover services contracts are recognised as and when services are rendered, or at the point when it becomes known and certain that demobilisation fee can be charged to the customer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Revenue recognition (cont'd.)

- (ix) Interest income is recognised using the effective interest method.
- (x) Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.4(y).

(t) Leases

(i) Where Group is a lessee

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Finance lease assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments, at the inception of the lease. The corresponding lease obligations, net of finance charges are included in borrowings. The interest rate implicit in the lease is used as the discount factor in calculating the present value of the minimum lease payments. Initial direct costs incurred are included as part of the asset.

The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the outstanding balance of the liability for each period.

The depreciation policy for assets held under finance leases is consistent with that for depreciable property, plant and equipment as described in Note 2.4(b).

Lease rental payments on operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(ii) Where Group is a lessor

The present value of lease payments receivable under a finance lease is recognised as finance lease receivables. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return on the balance outstanding.

Assets leased out under operating leases are included as leased assets in the statement of comprehensive income. They are depreciated over their expected useful lives as described in Note 2.4(d). Net rental income is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(u) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Some of the Group's foreign subsidiaries also make contribution to their respective countries' statutory pension schemes. The contributions are recognised as an expense in the statement of comprehensive income as incurred.

(v) Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Dividends proposed or declared after the reporting date were not recognised as a liability at the reporting date.

(x) Non-current assets held for sale ("AHFS")

Assets held for sale and disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Immediately before classification as held for sale, the assets (or all the assets and liabilities in a disposal group) are remeasured in accordance with the Group's applicable accounting policies. Thereafter, on initial classification as held for sale, the assets or disposal group are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to profit or loss.

Intangible assets, property, plant and equipment and investment properties once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale.

(y) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses, respectively, by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the sum of total costs incurred on construction contracts and recognised profits or recognised losses exceed progress billings, the balance is classified as amount due from customers on contracts. Conversely, when progress billings exceed the sum of total costs incurred on construction contracts and recognised profits or recognised losses, the balance is classified as amount due to customers on contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(z) Impairment of non-financial assets

The carrying amounts of assets, other than construction contract assets, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of the asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(aa) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Group Chief Executive Officer who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

(bb) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(bb) Fair value measurement (cont'd.)

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(cc) Derivatives

The Group and the Company uses derivative financial instruments such as forward currency contracts, interest rate swaps, cross currency swaps and cross currency interest rate swaps to manage its risks associated with foreign currency and interest rate fluctuations. Derivatives are initially recorded at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of available-for-sale investments

The Group reviews its equity investment classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The Group impairs unquoted equity investment with significant decline in fair value and prolonged period of 12 months and more.

The impairment losses recognised for unquoted available-for-sale financial assets as at 31 December 2014 is as disclosed in Note 13.

3.2 Significant accounting estimates

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis or at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated.

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of goodwill and impairment losses as at 31 December 2014 are disclosed in Notes 6, 10 and 11.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of recognised and unrecognised deferred tax assets is disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.2 Significant accounting estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(iii) Useful lives of rigs, HWUs, drilling equipment, and plant and machinery

The cost of rigs, HWUs, drilling equipment, and plant and machinery is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 30 years based on the common life expectancies applied in the respective industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's rigs, HWUs, drilling equipment, and plant and machinery at the reporting date is disclosed in Note 4.

(iv) Provision for warranties

The Group recognises a provision for liabilities associated with the warranties provided on certain products. This requires an estimation of the expenditure required to settle the present obligation at the reporting date. In determining the provision, the Group has made assumptions in relation to the expected cost to repair and/or replace the products and the expected timing of those costs. As at 31 December 2014, the carrying amount of provision for warranties at the end of the reporting period is disclosed in Note 21.

(v) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

4. PROPERTY, PLANT AND EQUIPMENT

Group	*Land and buildings RM'000	Rigs, HWUs, drilling equipments, plant and machinery RM'000	Assets-in- progress RM'000	**Other assets RM'000	Total RM'000
Cost					
At 1 January 2013	1,164,447	2,469,435	467,291	429,377	4,530,550
Exchange differences	(881)	101,077	17,515	(691)	117,020
Additions	18,022	739,751	84,422	43,631	885,826
Write-offs	(34)	(33,999)	-	(18,149)	(52,182)
Disposals	(44,524)	(7,870)	(90)	(30,599)	(83,083)
Reclassification	22,200	302,351	(341,847)	17,296	-
Reclassified to land use rights (Note 7)	(2,152)	-	-	-	(2,152)
Disposal of subsidiaries	(1,565)	(354)	-	(242)	(2,161)
Acquisition of a subsidiary (Note 9(c))	-	-	216,875	-	216,875
At 31 December 2013	1,155,513	3,570,391	444,166	440,623	5,610,693
Exchange differences	4,515	177,433	9,122	1,628	192,698
Additions	16,155	753,270	1,257,871	37,836	2,065,132
Write-offs	(3,866)	(18,557)	-	(48,543)	(70,966)
Disposals	(14,081)	(4,962)	-	(17,877)	(36,920)
Reclassification	86,053	1,040,932	(1,133,067)	6,082	-
Reclassified from leased assets (Note 8)	-	90	-	-	90
Reclassified to assets held for sale (Note 18)	(46,476)	(123,565)	(1,827)	(4,537)	(176,405)
At 31 December 2014	1,197,813	5,395,032	576,265	415,212	7,584,322

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	*Land and buildings RM'000	Rigs, HWUs, drilling equipments, plant and machinery RM'000	Assets-in- progress RM'000	**Other assets RM'000	Total RM'000
Group (cont'd.)					
Accumulated depreciation and impairment losses					
At 1 January 2013	278,041	944,920	-	310,321	1,533,282
Exchange differences	(16)	12,878	-	321	13,183
Charge for the year	25,095	181,052	-	34,055	240,202
Write-offs	(24)	(24,103)	-	(19,395)	(43,522)
Disposals	(4,251)	(5,905)	-	(16,002)	(26,158)
Impairment losses	(4,902)	30	-	-	(4,872)
Reclassification	-	(16)	-	16	-
Reclassified to land use rights (Note 7)	(72)	-	-	-	(72)
Disposal of subsidiaries	(13)	(31)	-	(159)	(203)
At 31 December 2013	293,858	1,108,825	-	309,157	1,711,840
Exchange differences	473	33,800	-	1,113	35,386
Charge for the year	26,678	225,560	-	31,773	284,011
Write-offs	(3,866)	(18,256)	-	(47,899)	(70,021)
Disposals	(1,932)	(3,520)	-	(10,510)	(15,962)
Impairment losses	-	20	-	(75)	(55)
Reclassification	-	2,561	-	(2,561)	-
Reclassified from leased assets (Note 8)	-	54	-	-	54
Reclassified to assets held for sale (Note 18)	(2,976)	(25,945)	-	(1,702)	(30,623)
At 31 December 2014	312,235	1,323,099	-	279,296	1,914,630
Net carrying amount					
At 31 December 2014	885,578	4,071,933	576,265	135,916	5,669,692
At 31 December 2013	861,655	2,461,566	444,166	131,466	3,898,853

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Land and buildings

	Freehold land RM'000	Buildings on freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Buildings on short term leasehold land RM'000	Total RM'000
Cost							
At 1 January 2013	119,694	237,074	166,605	22,262	571,680	47,132	1,164,447
Exchange differences	(289)	(1,817)	(319)	41	537	966	(881)
Additions	11,688	805	1	1,404	3,001	1,123	18,022
Write-offs	-	(20)	-	-	(14)	-	(34)
Disposals	-	-	(25,736)	-	(18,788)	-	(44,524)
Reclassification	(8)	16,552	(4,168)	-	8,146	1,678	22,200
Reclassified to land use rights (Note 7)	-	-	(2,152)	-	-	-	(2,152)
Disposal of subsidiaries	(1,428)	(137)	-	-	-	-	(1,565)
At 31 December 2013	129,657	252,457	134,231	23,707	564,562	50,899	1,155,513
Exchange differences	283	1,526	112	122	1,761	711	4,515
Additions	341	736	-	8,039	7,039	-	16,155
Write-offs	-	-	-	-	(3,866)	-	(3,866)
Disposals	-	(513)	(13,096)	-	(472)	-	(14,081)
Reclassification	-	18,899	28,400	-	32,446	6,308	86,053
Reclassified to assets held for sale	(6,831)	(36,703)	(2,942)	-	-	-	(46,476)
At 31 December 2014	123,450	236,402	146,705	31,868	601,470	57,918	1,197,813

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Land and buildings (cont'd.)

	Freehold land RM'000	Buildings on freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Buildings on short term leasehold land RM'000	Total RM'000
Accumulated depreciation and impairment losses							
At 1 January 2013	-	32,625	32,903	11,717	174,144	26,652	278,041
Exchange differences	-	(94)	(364)	15	146	281	(16)
Charge for the year	-	5,146	2,726	321	15,772	1,130	25,095
Write-offs	-	(11)	(3)	-	(10)	-	(24)
Disposals	-	-	(2,427)	-	(1,824)	-	(4,251)
Impairment losses	-	3	-	-	(4,905)	-	(4,902)
Reclassification	-	-	(859)	-	(63)	922	-
Reclassified to land use rights (Note 7)	-	-	(72)	-	-	-	(72)
Disposal of subsidiaries	-	(13)	-	-	-	-	(13)
At 31 December 2013	-	37,656	31,904	12,053	183,260	28,985	293,858
Exchange differences	-	116	10	18	121	208	473
Charge for the year	-	5,146	2,410	788	17,024	1,310	26,678
Write-offs	-	-	-	-	(3,866)	-	(3,866)
Disposals	-	(34)	(1,879)	-	(19)	-	(1,932)
Reclassification	-	-	(1)	-	1	-	-
Reclassified to assets held for sale	-	(2,976)	-	-	-	-	(2,976)
At 31 December 2014	-	39,908	32,444	12,859	196,521	30,503	312,235
Net carrying amount							
At 31 December 2014	123,450	196,494	114,261	19,009	404,949	27,415	885,578
At 31 December 2013	129,657	214,801	102,327	11,654	381,302	21,914	861,655

** Included in the other assets are office equipment, furniture and fittings, motor vehicles, renovation and improvements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Cost			
At 1 January 2013	1,013	-	1,013
Disposals	(168)	-	(168)
At 31 December 2013	845	-	845
Additions	-	18	18
Disposals	(845)	-	(845)
At 31 December 2014	-	18	18
Accumulated depreciation			
At 1 January 2013	177	-	177
Charge for the year	74	-	74
Disposals	(29)	-	(29)
At 31 December 2013	222	-	222
Charge for the year	14	1	15
Disposals	(236)	-	(236)
At 31 December 2014	-	1	1
Net carrying amount			
At 31 December 2014	-	17	17
At 31 December 2013	623	-	623

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) Included in the property, plant and equipment of the Group are fully depreciated assets which are still in use with their carrying costs as follows:

	Group	
	2014	2013
	RM'000	RM'000
Land and buildings	9,414	5,945
Plant and machinery	589,757	510,598
Office equipment, furniture and fittings, motor vehicles, renovation and improvements	179,816	197,050

- (b) The net book value of plant and equipment held under hire purchase arrangements is RM1,087,000 (2013: RM1,719,000).
- (c) Interest expense capitalised during the financial year under assets-in-progress of the Group amounted to RM6,740,000 (2013: RM4,458,000) as disclosed in Note 30.
- (d) The net book value of property, plant and equipment pledged for borrowings (Note 22 and Note 24) are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Assets-in-progress and plant and machinery	605	98,831
Land and buildings	2,374	44,163
Others	2,451	7,667
	5,430	150,661

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

5. INVESTMENT PROPERTIES

	Freehold land RM'000	Building on freehold land RM'000	Long term leasehold land RM'000	Building on long term leasehold land RM'000	Total RM'000
Group					
Cost					
At 1 January 2013	129	435	17,766	224	18,554
Exchange differences	-	18	-	-	18
Disposals	-	-	(4,116)	-	(4,116)
Reclassified to assets held for sale (Note 18)	-	-	(6,070)	-	(6,070)
At 31 December 2013	129	453	7,580	224	8,386
Exchange differences	-	8	-	-	8
At 31 December 2014	129	461	7,580	224	8,394
Accumulated depreciation					
At 1 January 2013	-	132	8,475	173	8,780
Charge for the year	-	5	694	12	711
Disposals	-	-	(2,030)	-	(2,030)
Reclassified to assets held for sale (Note 18)	-	-	(3,628)	-	(3,628)
At 31 December 2013	-	137	3,511	185	3,833
Charge for the year	-	5	694	12	711
At 31 December 2014	-	142	4,205	197	4,544
Net carrying amount					
At 31 December 2014	129	319	3,375	27	3,850
At 31 December 2013	129	316	4,069	39	4,553

Fair value of investment properties as at 31 December 2014 was estimated by the directors to be approximately RM61,488,000 (2013: RM60,609,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

6. INTANGIBLE ASSETS

	Group	
	2014	2013
	RM'000	RM'000
(a) Goodwill on consolidation		
At 1 January	37,856	138,334
Forfeiture of profit guarantee	-	(31,868)
Impairment (Note 29)	(12,274)	(87,414)
Exchange differences	(27)	18,804
At 31 December	25,555	37,856

(b) Impairment tests for goodwill

Goodwill as at the financial year end has been allocated to the Group's Cash Generating Units ("CGU") identified according to country of operation and business segment as follows:

	Malaysia	People's Republic of China	India	Republic of Singapore	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2014					
Oil and Gas	11,291	-	-	-	11,291
Others	-	14,264	-	-	14,264
	11,291	14,264	-	-	25,555
At 31 December 2013					
Oil and Gas	11,291	-	-	-	11,291
Others	-	21,875	4,436	254	26,565
	11,291	21,875	4,436	254	37,856

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

6. INTANGIBLE ASSETS (CONT'D.)

(b) Impairment tests for goodwill (cont'd.)

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated based on year five cash flows into perpetuity using pre-tax discount rate. Key assumptions used for value-in-use calculations are:

	Gross margin		Discount rates	
	2014	2013	2014	2013
	%	%	%	%
Oil and Gas:				
Malaysia	54.0 - 62.0	54.0 - 62.0	10.0 - 14.0	10.0 - 17.0
Others:				
People's Republic of China	7.0 - 9.0	11.0	9.4	15.0
India	-	10.0	-	15.0

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The directors believe that there are no reasonably possible change in the above key assumptions used by management that would cause the carrying amount of CGU to materially exceed the recoverable amount.

During the year, an impairment loss was recognised to write-down the carrying amount of goodwill amounting to RM12,274,000 (2013: RM87,414,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

7. LAND USE RIGHTS

	Short term leasehold land RM'000
Group	
Cost	
At 1 January 2013	5,986
Exchange differences	223
Reclassified from property, plant and equipment (Note 4)	2,152
At 31 December 2013	8,361
Exchange differences	98
At 31 December 2014	8,459
Accumulated depreciation and impairment losses	
At 1 January 2013	1,377
Exchange differences	10
Charge for the year	205
Reclassified from property, plant and equipment (Note 4)	72
At 31 December 2013	1,664
Exchange differences	8
Charge for the year	207
At 31 December 2014	1,879
Net carrying amount	
At 31 December 2014	6,580
At 31 December 2013	6,697

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

8. LEASED ASSETS

Group	Machinery and equipment RM'000
Cost	
At 1 January 2013	485,755
Exchange differences	9,294
Additions	114,111
Disposals	(73,585)
Reclassified from inventories (Note 15)	2,011
At 31 December 2013	537,586
Exchange differences	6,795
Additions	120,414
Disposals	(77,451)
Reclassified to property, plant and equipment (Note 4)	(90)
Reclassified to inventories (Note 15)	(1,646)
At 31 December 2014	585,608
Accumulated depreciation and impairment losses	
At 1 January 2013	240,967
Exchange differences	5,393
Charge for the year	84,168
Disposals	(53,583)
Impairment losses	1,478
At 31 December 2013	278,423
Exchange differences	4,830
Charge for the year	93,815
Disposals	(58,942)
Impairment losses	235
Reclassified to property, plant and equipment (Note 4)	(54)
Reclassified to inventories (Note 15)	(400)
At 31 December 2014	317,907
Net carrying amount	
At 31 December 2014	267,701
At 31 December 2013	259,163

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

8. LEASED ASSETS (CONT'D.)

The future minimum lease receivable by the Group in relation to those assets that have been leased as at year end are as follows:

	2014	2013
	RM'000	RM'000
Due within one year	120,786	117,646
Due between one and two years	77,866	73,253
Due between two and five years	61,506	61,479
Due after five years	1,732	287
	261,890	252,665

Included in leased assets of the Group are fully depreciated assets which are still in use with their carrying costs of RM121,576,220 (2013: RM107,406,000).

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	2013
	RM'000	RM'000
Quoted shares in Malaysia, at cost	600,867	596,172
Unquoted shares in Malaysia, at cost	1,002,391	1,002,391
Employee Share Options Scheme granted to employees of the subsidiaries	109,094	109,094
Deemed capital contribution	78,145	78,145
Financial guarantees granted	36,914	2,505
	1,827,411	1,788,307
Less: Accumulated impairment losses	(39,409)	(5,000)
	1,788,002	1,783,307
Market value of quoted shares	2,806,706	4,781,295

Details of subsidiaries of the Company are disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Subsidiaries under members' voluntary liquidation

The following subsidiaries have been placed under members' voluntary liquidation:

	Date placed under liquidation	Status
(i) Coldfusion Engineering Sdn. Bhd.	28 November 2014	On-going
(ii) UMW Deepnautic Sdn. Bhd.	29 April 2013	On-going
(iii) UMW Deepnautic Pte. Ltd	29 April 2013	On-going
(iv) UMW Pressure Control Sdn. Bhd.	5 August 2013	Completed

(b) Acquisition of additional equity interest in subsidiaries

(i) UMW Synergistic Generation Sdn. Bhd.

On 9 October 2014, UMW Corporation Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") with the non-controlling shareholder of UMW Synergistic Generation Sdn. Bhd. Group ("USGSB"), Azhari bin Ngadenan@Adnan to acquire an additional 1,304,000 ordinary shares of RM1.00 each, representing 40% of the total issued and paid-up capital of USGSB, increasing its effective equity interest from 60% to 100%, at a consideration of RM1.00.

The acquisition was completed on 30 October 2014.

(ii) UMW Oil & Gas Corporation Berhad

As at 31 December 2014, the Company has acquired additional 2,000,000 ordinary shares of RM0.50 each, representing 0.09% of the total issued and paid-up capital of UMW Oil & Gas Corporation Berhad ("UMW-OG"), increasing its effective equity interest from 55.15% to 55.24%, at a consideration of RM4,695,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)**(c) Acquisition of a subsidiary/additional interests in subsidiaries in prior year**

In prior year, the Group acquired the following additional interests in its subsidiaries:

- (i) On 31 January 2013, a wholly-owned subsidiary company of the Group, UMW Petropipe (L) Ltd., acquired 33.88% equity interest in UMW Linepipe (L) Ltd. ("UMW Linepipe"), for a total consideration of USD6.5 million (equivalent to approximately RM19.9 million). Upon completion of the said acquisition, UMW Linepipe became a wholly-owned subsidiary of the Group.
- (ii) On 23 May 2013, a wholly-owned subsidiary company of UMW Oil & Gas Corporation Berhad ("UMW-OG"), UMW Rig Assets (L) Ltd., acquired 100% equity interest in Offshore Driller 4 Ltd. ("OD4"), for a total consideration of USD69.4 million (equivalent to approximately RM216.9 million). Upon completion of the said acquisition, the effective equity interests held by the Group on OD4 was 55.15%.

The fair values of the identifiable assets acquired and liabilities assumed from the acquisition of the subsidiary as at the effective acquisition date were as follows:

	Fair value recognised on acquisition RM'000
	<u>216,875</u>
Property, plant and equipment (Note 4), representing cost of acquisition	<u>216,875</u>

The cash outflows on acquisitions is as follows:

Cost of acquisition satisfied by cash, representing net cash outflow of the Group	<u>216,875</u>
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If the above combinations took place on 1 January 2013, there will be no material change to the revenue and profit of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Subsidiaries with non-controlling interest

Financial information of subsidiaries that have material non-controlling interest are provided below:

Proportion of equity interest held by non-controlling interests:

Name	Effective interest held by non-controlling interests	
	2014	2013
UMW Toyota Motor Sdn. Bhd.	49.00%	49.00%
UMW Oil & Gas Corporation Berhad	44.76%	44.85%
	2014	2013
	RM'000	RM'000
Accumulated balances of material non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	1,401,299	1,345,557
UMW Oil & Gas Corporation Berhad	1,435,823	1,273,340
Other individually immaterial subsidiaries	15,473	23,268
	2,852,595	2,642,165
Profit/(loss) for the year attributable to material non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	473,364	454,957
UMW Oil & Gas Corporation Berhad*	113,583	21,934
Other individually immaterial subsidiaries	(25,912)	(45,605)
	561,035	431,286
Dividends paid to non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	417,171	454,465
UMW Oil & Gas Corporation Berhad	9,697	-

* In prior year, the profit for the year attributable to the non-controlling interest is from the listing date, 1 November 2013 to 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Subsidiaries with non-controlling interest (cont'd.)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised consolidated statement of comprehensive income for 2014:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Revenue	10,760,565	1,014,903
Profit for the year	966,047	253,758
Total comprehensive income	<u>965,597</u>	<u>390,338</u>

Summarised consolidated statement of comprehensive income for 2013:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Revenue	10,018,113	737,752
Profit for the year	928,482	186,795
Total comprehensive income	<u>929,154</u>	<u>205,821</u>

Summarised consolidated statement of financial position as at 31 December 2014:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Non-current assets	982,490	4,038,393
Current assets	3,277,963	1,717,571
Non-current liabilities	(30,468)	(1,014,680)
Current liabilities	<u>(1,370,191)</u>	<u>(1,533,458)</u>
Total equity	<u>2,859,794</u>	<u>3,207,826</u>
Attributable to:		
Equity holders of parent	1,458,495	1,772,003
Non-controlling interest	<u>1,401,299</u>	<u>1,435,823</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Subsidiaries with non-controlling interest (cont'd.)

Summarised consolidated statement of financial position as at 31 December 2013:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Non-current assets	967,229	2,264,350
Current assets	3,089,657	1,626,319
Non-current liabilities	(42,673)	(553,169)
Current liabilities	(1,268,179)	(498,392)
Total equity	2,746,034	2,839,108
Attributable to:		
Equity holders of parent	1,400,477	1,565,768
Non-controlling interest	1,345,557	1,273,340

Summarised consolidated cash flow information as at 31 December 2014:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Cash inflows from operating activities	929,410	339,285
Cash inflows/(outflows) from investing activities	390,532	(681,663)
Cash (outflows)/inflows from financing activities	(851,832)	1,338,188
Net increase in cash and cash equivalents	468,110	995,810

Summarised consolidated cash flow information as at 31 December 2013:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Cash inflows from operating activities	902,294	106,908
Cash outflows from investing activities	(135,280)	(1,801,743)
Cash (outflows)/inflows from financing activities	(929,443)	1,733,486
Net (decrease)/increase in cash and cash equivalents	(162,429)	38,651

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(e) Disposal of interest in a subsidiary that does not result in loss of control in prior year

On 1 November 2013, the listing of UMW-OG on the Bursa Securities was completed following the listing of and quotation for the entire issued and paid-up share capital of UMW-OG of 2,162,000,000 ordinary shares of RM0.50 each. Following the listing exercise, the Group's equity interest in UMW-OG reduced to 55.15%.

The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in the following:

	RM'000
Proceeds from sale of non-controlling interest	2,715,040
Less: Expenses pursuant to the listing of UMW-OG	(55,010)
	<u>2,660,030</u>
Less: Dilution of interest in UMW-OG	(1,251,406)
Add: Net dilution of foreign exchange reserve	5,206
Gain on dilution of interest in UMW-OG	<u>1,413,830</u>

10. INVESTMENT IN JOINT VENTURES

	2014	2013
	RM'000	RM'000
Unquoted shares, at cost	196,781	196,781
Compulsorily convertible debentures	-	91,770
Compulsory cumulative preference shares	159,624	-
Financial guarantees granted	59,104	-
	<u>415,509</u>	<u>288,551</u>
Share of post acquisition losses	(119,241)	(86,911)
Share of other post acquisition reserves	(101,482)	(101,482)
Exchange differences	5,128	11,225
	<u>199,914</u>	<u>111,383</u>
Less: Accumulated impairment losses	(139,932)	(53,474)
Carrying amount of investment	<u>59,982</u>	<u>57,909</u>

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore these entities are classified as joint ventures of the Group.

In prior year, the compulsorily convertible debentures ("CCD") carries a coupon rate not exceeding 6-months USD Libor + 8.6% per annum, equivalent to 8.9% per annum.

The compulsory convertible preference shares ("CCPS") shall be entitled in priority to any payment of dividend - a fixed cumulative preferential dividend at the rate of 0.5% to 10.7% per annum.

No quoted market prices are available for the shares of the Group's joint ventures as these companies are private companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

10. INVESTMENT IN JOINT VENTURES (CONT'D.)

As none of the Group's joint ventures are individually material to the Group, the summarised financial information for the aggregated assets, liabilities and results of the joint ventures are as follows:

Summarised statement of financial position:

	2014	2013
	RM'000	RM'000
Cash and cash equivalents	273,277	12,401
Other current assets	366,236	211,658
Non-current assets	551,898	498,728
Current liabilities	(461,477)	(647,892)
Non-current liabilities	(744,402)	(259,215)
	(14,468)	(184,320)

Summarised statement of comprehensive income:

Loss for the year	(92,195)	(142,553)
Other comprehensive (expenses)/income	(11,886)	30,414
Total comprehensive expense	(104,081)	(114,661)
Group's share of loss for the year	(32,330)	(48,711)
Group's share of other comprehensive income	(2,933)	10,868
Group's share of total comprehensive expense	(35,263)	(38,598)

The joint ventures have RM18.1 million (2013: RM38.5 million) of contingent liabilities as at 31 December 2014 and 2013.

Details of the joint ventures are disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

11. INVESTMENT IN ASSOCIATES

	2014	2013
	RM'000	RM'000
Group		
Quoted shares, at cost	-	114,318
Unquoted shares, within Malaysia, at cost	145,814	83,864
Unquoted shares, outside Malaysia, at cost	402,906	287,052
Financial guarantees granted	21,659	18,677
	570,379	503,911
Share of changes recognised directly in associate's equity	118,438	118,438
Share of post acquisition reserves	1,138,238	1,075,506
	1,827,055	1,697,855
Less: Accumulated impairment losses	(29,599)	(1,820)
Carrying amount of investment	1,797,456	1,696,035
Fair value of investment in an associate for which there is published price quotation	-	41,088

The Group had provided for impairment losses of RM27.8 million (2013: reversal of impairment losses of RM35.6 million), based on the recoverable amount determined for the cash generating unit to which the investment belongs.

	2014	2013
	RM'000	RM'000
Company		
Unquoted shares, within Malaysia, at cost	25,800	-

Proportion of material ownership interest held by Group:

Name	Effective interest	
	2014	2013
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	38%	38%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

11. INVESTMENT IN ASSOCIATES (CONT'D.)

Summarised financial information in respect of the Group's material associates is set out below:

	← 2014 →			← 2013 →		
	Other individually immaterial associates		Total	Other individually immaterial associates		Total
	Perodua RM'000	associates RM'000	RM'000	Perodua RM'000	associates RM'000	RM'000
Summarised statements of financial position:						
Assets and liabilities						
Current assets	1,837,820	8,260,478	10,098,298	2,020,285	7,989,244	10,009,529
Non-current assets	2,530,424	2,922,902	5,453,326	2,163,207	2,776,328	4,939,535
Total assets	<u>4,368,244</u>	<u>11,183,380</u>	<u>15,551,624</u>	<u>4,183,492</u>	<u>10,765,572</u>	<u>14,949,064</u>
Current liabilities	950,254	4,924,143	5,874,397	1,026,584	5,003,256	6,029,840
Non-current liabilities	113,220	4,724,425	4,837,645	104,741	4,263,834	4,368,575
Total liabilities	<u>1,063,474</u>	<u>9,648,568</u>	<u>10,712,042</u>	<u>1,131,325</u>	<u>9,267,090</u>	<u>10,398,415</u>
Net assets	<u>3,304,770</u>	<u>1,534,812</u>	<u>4,839,582</u>	<u>3,052,167</u>	<u>1,498,482</u>	<u>4,550,649</u>
Reconciliation of net assets to carrying amount as at 31 December:						
Goodwill	-	62,322	62,322	-	41,942	41,942
Group's share of net assets	1,255,813	479,321	1,735,134	1,159,823	494,270	1,654,093
Group's carrying amount of interest in associates	<u>1,255,813</u>	<u>541,643</u>	<u>1,797,456</u>	<u>1,159,823</u>	<u>536,212</u>	<u>1,696,035</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

11. INVESTMENT IN ASSOCIATES (CONT'D.)

	← 2014 →			← 2013 →		
	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000
Summarised statements of comprehensive income:						
Results						
Revenue	8,670,560	1,270,107	9,940,667	8,665,293	3,845,765	12,511,058
Profit/(loss) for the year	509,937	(84,221)	425,716	521,954	(26,968)	494,986
Other comprehensive income	1,106	26,568	27,674	4,443	57,720	62,163
Total comprehensive income/ (expense)	511,043	(57,653)	453,390	526,397	30,752	557,149
Dividends received	98,207	20,601	118,808	91,664	25,330	116,994
Group's share of profit/(loss) for the year	193,776	(21,798)	171,978	198,343	7,905	206,248

The associates have RM101,190,856 (2013: RM140,848,390) of contingent liabilities as at 31 December 2014 and 2013.

The Group's interest in capital commitments of the associates are as follows:

	2014 RM'000	2013 RM'000
- Approved and contracted for	68,438	100,464
- Approved and not contracted for	4,078	32,300

For the purpose of applying the equity method of accounting, the audited financial statements and management accounts for the 12-month period ended 31 December 2014 of these companies have been used.

Details of the associates are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

12. DEFERRED TAXATION

	Group	
	2014	2013
	RM'000	RM'000
At 1 January	(27,465)	(21,872)
Recognised in profit or loss (Note 32)	(12,611)	(6,690)
Disposal of a subsidiary	-	18
Reclassification to assets held for sale (Note 18)	1,616	-
Exchange differences	(10)	1,079
At 31 December	(38,470)	(27,465)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(65,824)	(57,576)
Deferred tax liabilities	27,354	30,111
	(38,470)	(27,465)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances	Others	Total
	RM'000	RM'000	RM'000
At 1 January 2014	43,886	1,051	44,937
Recognised in profit or loss	6,536	(2,293)	4,243
Reclassification to assets held for sale (Note 18)	-	(235)	(235)
Exchange differences	318	(9)	309
At 31 December 2014	50,740	(1,486)	49,254
At 1 January 2013	45,833	782	46,615
Recognised in profit or loss	(3,184)	46	(3,138)
Disposal of a subsidiary	(5)	-	(5)
Exchange differences	1,242	223	1,465
At 31 December 2013	43,886	1,051	44,937

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

12. DEFERRED TAXATION (CONT'D.)**Deferred tax assets of the Group:**

	Unabsorbed capital allowances RM'000	Provision for liabilities RM'000	Unabsorbed losses RM'000	Others RM'000	Total RM'000
At 1 January 2014	(15)	(43,067)	(13,885)	(15,435)	(72,402)
Recognised in profit or loss	(5,017)	5,108	4,696	(21,641)	(16,854)
Reclassification to assets held for sale (Note 18)	-	-	1,851	-	1,851
Exchange differences	(22)	1,441	(519)	(1,219)	(319)
At 31 December 2014	(5,054)	(36,518)	(7,857)	(38,295)	(87,724)
At 1 January 2013	(1,124)	(37,972)	(10,913)	(18,478)	(68,487)
Recognised in profit or loss	1,357	(5,464)	(2,334)	2,889	(3,552)
Disposal of a subsidiary	-	-	-	23	23
Exchange differences	(248)	369	(638)	131	(386)
At 31 December 2013	(15)	(43,067)	(13,885)	(15,435)	(72,402)

The availability of the unabsorbed tax losses and unutilised capital and reinvestment allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective companies in which the subsidiaries operate.

Deferred tax assets have not been recognised in respect of these items:

	Group	
	2014	2013
	RM'000	RM'000
Unabsorbed tax losses	740,150	595,071
Unutilised capital and reinvestment allowances	157,970	104,489
	898,120	699,560

Deferred tax assets have not been recognised in respect of these items as there is no probable expectation that future taxable income of the applicable group companies will be sufficient to allow the benefit to be realised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

13. OTHER INVESTMENTS

	← 2014 →		← 2013 →	
	Carrying amount RM'000	Market value RM'000	Carrying amount RM'000	Market value RM'000
Group				
Current				
Held for trading investments				
Investment in cash funds	1,181,759	1,181,759	2,331,470	2,331,470
Non-current				
Available-for-sale financial assets				
Unquoted shares outside Malaysia, at cost	95	-	95	-
Unquoted shares within Malaysia, at cost	5,034	-	28,889	-
	5,129	-	28,984	-
Less: Accumulated impairment losses	(822)	-	(660)	-
	4,307	-	28,324	-
Held for trading investments				
Quoted shares outside Malaysia	16,868	16,868	12,604	12,604
Held-to-maturity investment				
Investment in mutual funds	-	-	1,000	1,000
Total non-current other investments	21,175	16,868	41,928	13,604
Company				
Current				
Held for trading investments				
Investment in cash funds	389,133	389,133	1,029,249	1,029,249
Non-current				
Available-for-sale financial assets				
Unquoted shares within Malaysia	-	-	23,850	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

14. DERIVATIVES

	Note	2014		2013	
		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Group					
Current					
Forward currency contracts	(a)	382	6,101	260	106
Interest rate swaps	(b)	-	628	111	77
Cross currency swaps	(c)	-	-	-	6,392
Cross currency interest rate swaps	(d)	-	14,026	-	-
Embedded derivatives	(e)	-	8,387	-	10,512
		382	29,142	371	17,087
Non-current					
Forward currency contracts	(a)	-	24,377	2,770	14,501
Interest rate swaps	(b)	-	4,524	-	7,399
Cross currency swaps	(c)	-	2,856	-	1,863
Cross currency interest rate swaps	(d)	5,631	75,779	4,462	53,906
		5,631	107,536	7,232	77,669
Company					
Current					
Interest rate swaps	(b)	-	628	-	-
Cross currency interest rate swaps	(d)	-	14,026	-	-
		-	14,654	-	-
Non-current					
Forward currency contracts	(a)	-	24,377	-	14,501
Interest rate swaps	(b)	-	4,524	-	5,487
Cross currency interest rate swaps	(d)	-	75,779	-	53,906
		-	104,680	-	73,894

The Group and the Company uses forward currency contracts, interest rate swaps, cross currency swaps and cross currency interest rate swaps to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

14. DERIVATIVES (CONT'D.)

Forward currency contracts are used to hedge the Group's current and future sales and purchases denominated in foreign currencies for which firm commitments existed at the reporting date.

(a) Forward currency contracts

	2014 RM'000	2013 RM'000
Notional amounts		
United States Dollar	285,165	884,027
Japanese Yen	147,308	99,250
Euro	24,314	18,248
Singapore Dollar	109	-
Thai Baht	1,961	9,368

(b) Interest rate swaps

Notional USD'000		Maturity
For the financial year 2014:		
103,576	The Group:	
	(i) Pays fixed interest rate of 2.06% per annum in exchange for receiving LIBOR plus spread on the notional principal amount; and	8-Oct-15 to 28-Jun-17
	(ii) Receives fixed interest rate of 4.60% per annum in exchange for paying LIBOR plus spread on the notional principal amount.	
For the financial year 2013:		
119,734	The Group:	
	(i) Pays fixed interest rate within the range of 2.06% to 9.55% per annum in exchange for receiving LIBOR plus spread on the notional principal amount; and	31-Jul-14 to 28-Jun-17
	(ii) Receives fixed interest rate of 4.60% per annum in exchange for paying LIBOR plus spread on the notional principal amount.	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

14. DERIVATIVES (CONT'D.)**(c) Cross currency swaps**

Notional USD'000		Maturity
For the financial year 2014:		
5,500	The Group:	
	(i) Receives KLIBOR plus spread in exchange for paying LIBOR plus spread per annum on the notional principal amount; and	28-Sep-16
	(ii) Receives RM in exchange for USD at a predetermined rate of RM3.02 to USD1.00 according to the scheduled principal and interest repayment.	
For the financial year 2013:		
5,500	The Group:	
	(i) Receives KLIBOR plus spread in exchange for paying LIBOR plus spread per annum on the notional principal amount; and	28-Sep-16
	(ii) Receives RM in exchange for USD at a predetermined rate of RM3.02 to USD1.00 according to the scheduled principal and interest repayment.	

(d) Cross currency interest rate swaps

Notional USD'000		Maturity
For the financial year 2014:		
210,551	The Group:	
	(i) Pays fixed USD interest rate within the range of 2.28% to 4.25% in exchange for receiving fixed RM interest rate within the range of 3.78% to 4.40% per annum on the notional principal amount;	8-Oct-15 to 16-Feb-18
	(ii) Receives fixed interest rate within the range of 3.51% to 4.03% per annum in exchange for paying LIBOR plus spread on the notional principal amount; and	
	(iii) Receives RM in exchange for paying USD at a predetermined rate within the range of RM3.03 to RM3.21 to USD1.00 according to the scheduled principal and interest repayment.	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

14. DERIVATIVES (CONT'D.)

(d) Cross currency interest rate swaps (cont'd.)

Notional USD'000		Maturity
For the financial year 2013:		
234,853	The Group:	
	(i) Pays fixed interest rate of 5.25% per annum in exchange for receiving KLIBOR plus spread on the notional principal amount;	25-Mar-14 to 16-Feb-18
	(ii) Pays fixed USD interest rate within the range of 2.28% to 4.25% in exchange for receiving fixed RM interest rate within the range of 3.78% to 4.40% per annum on the notional principal amount;	
	(iii) Receives fixed interest rate within the range of 3.51% to 4.03% per annum in exchange for paying LIBOR plus spread on the notional principal amount; and	
	(iv) Receives RM in exchange for paying USD at a predetermined rate within the range of RM3.03 to RM3.21 to USD1.00 according to the scheduled principal and interest repayment.	

(e) Embedded derivatives

The Group entered into purchase contracts with suppliers in Asia Pacific and Japan. The purchase price in these contracts are denominated in USD and subject to periodic price review. These contracts contain embedded foreign exchange derivatives with notional amounts of RM507,843,000 (2013: RM726,348,000) which have been separated and carried at fair value through profit or loss.

Derivatives are neither past due nor impaired and are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

During the financial year, the Group recognised a net loss of RM42,261,000 (2013: RM103,151,000) and the Company recognised a net loss of RM45,440,000 (2013: RM100,592,000), arising from fair value changes of derivative assets/liabilities.

The fair value changes are attributable to changes in foreign exchange spot and forward rate. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 44.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

15. INVENTORIES

	Group	
	2014	2013
	RM'000	RM'000
At cost:		
Equipment, unassembled and completed vehicles, attachments and spares	1,582,897	1,378,447
Properties held for sale	74,489	74,489
Other finished goods	52,905	121,073
Work-in-progress	26,549	19,844
Raw materials and consumables	57,080	133,901
	1,793,920	1,727,754
At net realisable value:		
Equipment, unassembled and completed vehicles, attachments and spares	35,769	25,098
Other finished goods	344	908
Raw materials and consumables	375	407
	36,488	26,413
	1,830,408	1,754,167

During the financial year, there was a write down of inventories of RM8.6 million (2013: RM20.1 million).

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM10.8 billion (2013: RM10.2 billion).

Inventories of RM115.7 million (2013: RM150.9 million) have been pledged to banks as security for facilities granted to overseas subsidiaries.

Included in the inventories are assets transferred during the year from the following:

	Group	
	2014	2013
	RM'000	RM'000
Leased assets (Note 8)	1,246	(2,011)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

16. RECEIVABLES

The receivables of the Group and the Company are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current:				
Trade receivables	1,615,751	1,508,983	-	-
Other receivables	462,795	346,082	654	1,238
Due from subsidiaries	-	-	470,581	90,919
	2,078,546	1,855,065	471,235	92,157
Non-current:				
Trade receivables	2,483	8,614	-	-
Due from subsidiaries	-	-	390,272	173,886
	2,483	8,614	390,272	173,886
Trade receivables (Note a)	1,618,234	1,517,597	-	-
Other receivables (Note b)	462,795	346,082	654	1,238
Due from subsidiaries (Note c)	-	-	860,853	264,805
Total trade and other receivables	2,081,029	1,863,679	861,507	266,043
Total trade and other receivables (current and non-current)	2,081,029	1,863,679	861,507	266,043
Less: Included within other receivables:				
Accrued income (Note b)	(26,726)	(38,737)	(348)	(614)
Prepayments (Note b)	(47,101)	(22,099)	(251)	(619)
Add: Cash and bank balances (Note 17)	3,370,710	2,557,694	94,201	79,044
Total loans and receivables	5,377,912	4,360,537	955,109	343,854

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

16. RECEIVABLES (CONT'D.)**(a) Trade receivables**

	Group	
	2014	2013
	RM'000	RM'000
Third parties (Note (i))	1,266,405	1,248,141
Allowance for impairment	(28,091)	(38,539)
	1,238,314	1,209,602
Due from associates and joint ventures	146,976	272,761
Due from a corporate shareholder of a subsidiary	232,944	35,234
	1,618,234	1,517,597

Note (i)

Included in trade receivables are finance lease receivables of RM9,764,000 (2013: RM20,781,000) as disclosed below:

	Group	
	2014	2013
	RM'000	RM'000
Future minimum lease receivables		
Not later than 1 year	7,859	13,890
Later than 1 year and not later than 2 years	2,548	7,229
Later than 2 years and not later than 5 years	28	1,942
	10,435	23,061
Less : Future finance income	(671)	(2,280)
	9,764	20,781
Analysis of present value of lease receivables		
Not later than 1 year	7,281	12,167
Later than 1 year and not later than 2 years	2,455	6,734
Later than 2 years and not later than 5 years	28	1,880
	9,764	20,781
Less : Amount due within 12 months	(7,281)	(12,167)
Amount due after 12 months	2,483	8,614

The Group's normal trade credit terms range from 1 day to 120 days (2013: 1 day to 120 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables (other than lease receivables) are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

16. RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

The amount due from associates and due from a corporate shareholder of a subsidiary are trade in nature, unsecured, interest-free and have repayment terms of 30 days to 60 days (2013: 30 days to 60 days).

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a single group of debtors.

	Group	
	2014	2013
	RM'000	RM'000
(i) Age analysis of trade receivables		
(a) Not due and not impaired	1,318,544	1,196,944
(b) Overdue but not impaired:		
1 - 30 days overdue but not impaired	181,018	122,485
31 - 60 days overdue but not impaired	63,666	80,656
61 - 90 days overdue but not impaired	16,002	63,630
91 - 180 days overdue but not impaired	18,004	20,899
More than 180 days overdue but not impaired	20,903	31,668
	299,593	319,338
(c) Impaired	28,188	39,854
Total trade receivables	1,646,325	1,556,136

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Collaterals and other credit enhancements are as follows:

Trade receivables of RM13.9 million (2013: RM8.5 million) are secured by bank guarantee of RM3.7 million (2013: RM7.5 million).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

16. RECEIVABLES (CONT'D.)**(a) Trade receivables (cont'd.)**

(ii) Receivables that are impaired

	Group		
	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
2014			
Trade receivables	16,234	11,954	28,188
Less: Allowance for impairment	(16,234)	(11,857)	(28,091)
	-	97	97
2013			
Trade receivables	30,592	9,262	39,854
Less: Allowance for impairment	(30,460)	(8,079)	(38,539)
	132	1,183	1,315
Movement in allowance for impairment:			
At 1 January 2014	30,460	8,079	38,539
Charge for the year	2,614	3,837	6,451
Utilised	(3,746)	(13)	(3,759)
Reversal of impairment loss	(13,199)	(158)	(13,357)
Exchange differences	330	112	442
Reclassification to assets held for sale	(225)	-	(225)
At 31 December 2014	16,234	11,857	28,091
At 1 January 2013	33,204	5,980	39,184
Charge for the year	3,401	2,281	5,682
Utilised	(783)	(12)	(795)
Reversal of impairment loss	(9,495)	(17)	(9,512)
Exchange differences	4,133	(153)	3,980
At 31 December 2013	30,460	8,079	38,539

Trade receivables that are individually determined to be impaired at the reporting date relates to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or bank guarantees.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

16. RECEIVABLES (CONT'D.)**(b) Other receivables**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Accrued income	26,726	38,737	348	614
Deposits	81,822	59,741	7	5
Prepayments	47,101	22,099	251	619
Amounts due from joint ventures	174,095	162,873	-	-
Sundry receivables	251,505	155,615	48	-
	581,249	439,065	654	1,238
Allowance for impairment	(118,454)	(92,983)	-	-
	462,795	346,082	654	1,238
			Individually impaired 2014 RM'000	Individually impaired 2013 RM'000
Movement in allowance for impairment:				
At 1 January			92,983	10,953
Charge for the year			25,475	91,625
Reversal of impairment loss			-	(8,715)
Utilised			-	(889)
Exchange differences			(4)	9
At 31 December			118,454	92,983

(c) Due from subsidiaries

The amounts due from subsidiaries are unsecured, bear interest ranging from 2.45% to 8.95% (2013: 3.1% to 6.0%) per annum and are repayable within 1 to 5 years.

Receivables of the Group amounting to RM29,841,790 (2013: RM79,090,000) are pledged to banks for credit facilities granted to overseas subsidiaries (Note 22).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

17. DEPOSITS, CASH AND BANK BALANCES

Group	2014 RM'000	2013 RM'000
Cash and bank balances	526,169	518,339
Deposits with licensed banks	2,844,541	2,039,355
Deposits, cash and bank balances	3,370,710	2,557,694

Included in deposits with licensed banks are deposits of RM850,187,000 (2013: RM Nil) which are not available for general use due to restrictions by the lenders in respect of the revolving credits of RM334,409,000 (2013: RM Nil) and Murabahah term financing of RM512,107,000 (2013: RM Nil) obtained by the Group as disclosed in Note 24.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	2014 RM'000	2013 RM'000
Deposits, cash and bank balances	3,370,710	2,557,694
Less: Deposits with a maturity of more than 3 months	(443,300)	(915,500)
Less: Deposits pledged with banks	(2,885)	(2,000)
Less: Bank overdrafts (Note 24)	(94,158)	(75,127)
Cash and cash equivalents	2,830,367	1,565,067

Deposits with licensed banks and bank balances of the Group amounting to RM2,885,488 (2013: RM2,000,386) are pledged to banks for credit facilities granted to overseas subsidiaries (Note 22) which are not immediately available for use in the business.

Company	2014 RM'000	2013 RM'000
Cash and bank balances	35,365	68,839
Deposits with licensed banks	58,836	10,205
	94,201	79,044

The range of interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Deposits with licensed banks	0.04 - 9.05	0.04 - 9.00	3.00 - 3.05	0.22 - 0.52

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

17. DEPOSITS, CASH AND BANK BALANCES (CONT'D.)

The range of maturities of deposits as at the reporting date were as follows:

	Range of maturities			
	Group		Company	
	2014 Days	2013 Days	2014 Days	2013 Days
Deposits with licensed banks	5 - 96	7 - 148	1 - 7	7 - 31

18. NON-CURRENT ASSETS HELD FOR SALE

As disclosed in Note 41, UMW Corporation Sdn. Bhd. ("UMWC"), a wholly-owned subsidiary of the Company has entered into Sale and Purchase Agreements to dispose the entire equity interest in MK Autocomponents Limited ("MKAL") and MK Automotive Industries Limited ("MKAIL") to Dato' Muthukumar a/l Ayarpadde.

Accordingly the Groups' interest in MKAL and MKAIL have been classified as non-current assets held for sale and have been written down to their fair value less cost to sell.

As at 31.12.2014	At cost	Re-measurement	Fair value
	RM'000	of AHFS RM'000	of AHFS RM'000
Property, plant and equipment	145,782	(93,000)	52,782
Deferred tax assets (Note 12)	1,851	-	1,851
Derivatives assets	1,164	-	1,164
Inventories	17,456	-	17,456
Trade receivables	24,012	-	24,012
Income tax recoverables	326	-	326
Other receivables	23,100	-	23,100
Deposits, cash and bank balances	1,906	-	1,906
Total assets held for sale	215,597	(93,000)	122,597
Borrowings	(80,126)	-	(80,126)
Deferred tax liabilities (Note 12)	(235)	-	(235)
Trade payables	(24,266)	-	(24,266)
Other payables	(16,049)	-	(16,049)
Taxation	(377)	-	(377)
Provision for warranties (Note 21)	(127)	-	(127)
Total liabilities associated with assets held for sale	(121,180)	-	(121,180)

In the previous financial year, non-current assets held for sale represents leasehold land of UMW Corporation Sdn. Bhd. with carrying value of RM2.4 million. The sale to Perodua Sales Sdn. Bhd., a wholly-owned subsidiary of Perodua was completed in 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

18. NON-CURRENT ASSETS HELD FOR SALE (CONT'D.)

The net book value of property, plant and equipment pledged for borrowings are as follows:

	2014
	RM'000
Assets-in-progress and plant and machinery	99,447
Land and buildings	43,500
Others	2,835
	145,782

Inventories of RM17.5 million have been pledged to banks as security for facilities granted.

Trade receivables of RM24.0 million and other receivables of RM23.1 million are pledged to banks for credit facilities granted.

19. SHARE CAPITAL

	Number of ordinary		Amount	
	shares of RM0.50 each			
	2014	2013	2014	2013
	'000	'000	RM'000	RM'000
Group/Company				
(a) Authorised:				
At 1 January/31 December	2,000,000	2,000,000	1,000,000	1,000,000
(b) Issued and fully paid:				
At 1 January/31 December	1,168,294	1,168,294	584,147	584,147

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

20. RESERVE**(i) Hedging reserve**

The hedging reserve relates to cash flow hedge reserve of an associate company. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions of an associate.

(ii) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

21. PROVISION FOR WARRANTIES

	<u>RM'000</u>
Group	
At 1 January 2013	128,983
Charged to profit or loss	9,627
Utilised during the year	(10,183)
Reversed during the year	(26,898)
Exchange differences	(778)
At 31 December 2013	100,751
Charged to profit or loss	28,787
Utilised during the year	(34,367)
Reversed during the year	(7,356)
Exchange differences	296
Reclassification to assets held for sale (Note 18)	(127)
At 31 December 2014	87,984
At 31 December 2014	
Current	57,516
Non-current:	
Later than 1 year but not later than 2 years	15,068
Later than 2 years but not later than 5 years	15,400
	30,468
	87,984
At 31 December 2013	
Current	56,071
Non-current:	
Later than 1 year but not later than 2 years	21,859
Later than 2 years but not later than 5 years	21,373
Later than 5 years	1,448
	44,680
	100,751

The Group gives 6 months to 3 years warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised for expected warranty claims on products sold during the last 6 months to 3 years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred between 1 year from the reporting date. Assumptions used to calculate the provision for warranties were based on sales levels and current information available about repairs and returns during warranty periods for all products sold.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

22. LONG TERM BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Secured				
Term loan	114,574	149,092	-	-
Less: Amount payable within one year (Note 24)	-	(54,494)	-	-
	114,574	94,598	-	-
Unsecured				
Sukuk	739,856	739,770	739,856	739,770
Term loans	1,324,036	904,972	-	-
	2,063,892	1,644,742	739,856	739,770
Less: Amount payable within one year (Note 24)	(375,903)	(216,346)	(109,982)	-
	1,687,989	1,428,396	629,874	739,770
Finance lease payable (Note 23)	475	1,183	-	-
	475	1,183	-	-
Total long term borrowings	1,803,038	1,524,177	629,874	739,770

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

22. LONG TERM BORROWINGS (CONT'D.)

The maturity and exposure to interest rate risk of the total borrowings (excluding finance lease payable) are as follows:

Group	RWAEIR* %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2014						
Secured						
- Floating rate	3.5 - 7.5	-	32,051	82,523	-	114,574
Unsecured						
- Floating rate	1.2 - 4.3	249,130	297,519	350,531	402,766	1,299,946
- Fixed rate	3.1 - 7.4	126,773	443,345	189,908	3,920	763,946
		<u>375,903</u>	<u>740,864</u>	<u>540,439</u>	<u>406,686</u>	<u>2,063,892</u>
		<u>375,903</u>	<u>772,915</u>	<u>622,962</u>	<u>406,686</u>	<u>2,178,466</u>
31 December 2013						
Secured						
- Floating rate	4.0 - 13.0	54,494	40,135	54,463	-	149,092
Unsecured						
- Floating rate	0.9 - 4.5	216,346	645,957	38,749	-	901,052
- Fixed rate	3.1 - 7.4	-	109,966	629,804	3,920	743,690
		<u>216,346</u>	<u>755,923</u>	<u>668,553</u>	<u>3,920</u>	<u>1,644,742</u>
		<u>270,840</u>	<u>796,058</u>	<u>723,016</u>	<u>3,920</u>	<u>1,793,834</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

22. LONG TERM BORROWINGS (CONT'D.)

The maturity and exposure to interest rate risk of the borrowings are as follows:

	RWAEIR*	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
Company						
31 December 2014						
Unsecured						
- Fixed rate	3.9 - 4.0	109,982	439,966	189,908	-	739,856
31 December 2013						
Unsecured						
- Fixed rate	3.9 - 4.0	-	109,966	629,804	-	739,770

* Range of Weighted Average Effective Interest Rate ("RWAEIR")

The secured long term borrowings of the Group for the financial years 2014 and 2013 were secured by legal charge, fixed and floating charge over assets of certain subsidiaries and corporate guarantee of certain foreign subsidiaries and directors' personal guarantee of a subsidiary.

In the financial year 2009, the Company obtained the approval from the Securities Commission for the issuance of Islamic Commercial Papers/Islamic Medium Term Notes ("ICP/IMTN") and Islamic Medium Term Notes ("IMTN") under the Shariah Principles of Musharakah. The programmes comprise the issuance of ICP, IMTN1 and IMTN2 (collectively known as Sukuk) under two stand-alone programmes:

- (i) Up to RM300 million in nominal value ICP/IMTN Programme ("ICP/IMTN1") with tenure of up to 7 years from the date of the first issuance; and
- (ii) Up to RM500 million in nominal value IMTN Programme ("IMTN2") with tenure of up to 10 years from the date of the first issuance.

The Company has utilised the IMTN2 (RM500 million) in September 2009, whilst IMTN1 (RM300 million) was utilised in October 2010 (RM110 million) and June 2012 (RM190 million). Both Sukuk were on a 5 year tenure.

On 21 December 2012, the Company received an approval from the Securities Commission for the issuance of an Islamic Medium Term Notes Programme ("IMTN New Sukuk Issuance") of up to RM2 billion in nominal value based on the Islamic Principle of Musharakah ("Sukuk"). The tenure of the Sukuk shall be more than 1 year but not exceeding 15 years from issue date provided that the maturity date of the Sukuk shall not extend beyond the tenure of the Sukuk Musharakah Programme.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

22. LONG TERM BORROWINGS (CONT'D.)

On 8 February 2013, the Company completed the first issuance of Islamic Medium Term Notes (“IMTN”) with a nominal value of RM440 million under the IMTN New Sukuk Issuance programme. The IMTN has a tenure of 3 years.

On 9 May 2013, the Company completed the second issuance of IMTN with a nominal value of RM500 million under the IMTN New Sukuk Issuance programme.

The IMTN New Sukuk Issuance programme was undertaken by the Company to allow for the swap of the outstanding IMTN2 of RM500 million into the recently established IMTN Programme (this exercise will be referred to as the “Sukuk Swap Exercise”). The Sukuk Swap Exercise was done on a no cash basis and will have the same maturity date and profit rate of the outstanding IMTN2.

On 18 December 2013, the Company had successfully completed the early redemption of its second issuance of IMTN with a nominal value of RM500 million.

23. FINANCE LEASE PAYABLES

	Group	
	2014	2013
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	827	1,003
Later than 1 year and not later than 2 years	410	816
Later than 2 years and not later than 5 years	105	493
	1,342	2,312
Less: Future finance charges	(143)	(259)
Present value of finance lease liability	1,199	2,053
Present value of finance lease liability:		
Not later than 1 year	724	870
Later than 1 year and not later than 2 years	383	766
Later than 2 years and not later than 5 years	92	417
	1,199	2,053
Analysed as:		
Due within 12 months (Note 24)	724	870
Due after 12 months (Note 22)	475	1,183
	1,199	2,053

The interest rate at the reporting date for the lease liabilities ranges from 1.88% to 14.32% (2013: 1.88% to 14.22%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

24. SHORT TERM BORROWINGS

	Group	
	2014	2013
	RM'000	RM'000
Secured		
Short term loan	38,460	17,212
Bankers' acceptances and revolving credits	12,415	12,372
Finance lease payables (Note 23)	724	870
Bank overdrafts	47,358	37,732
Long term loans payable within one year (Note 22)	-	54,494
	98,957	122,680
Unsecured		
Short term loan	638,134	257,227
Bankers' acceptances and revolving credits	644,070	536,490
Murabahah term financing	512,107	168,541
Trust receipts	70,766	125,646
Bank overdrafts	46,800	37,395
Long term loans payable within one year (Note 22)	375,903	216,346
	2,287,780	1,341,645
Total short term borrowings	2,386,737	1,464,325
	Company	
	2014	2013
	RM'000	RM'000
Unsecured		
Long term loans payable within one year (Note 22)	109,982	-
Total short term borrowings	109,982	-

The secured short term borrowings of the Group are secured by legal charge, fixed and floating charge over assets of certain subsidiaries and lien on fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

24. SHORT TERM BORROWINGS (CONT'D.)

The range of weighted average effective interest rates at the reporting date for borrowings, excluding finance lease payables, were as follows:

	Group	
	2014	2013
	%	%
Short term loan	2.2 - 7.0	3.3 - 7.0
Bank overdrafts	5.3 - 10.0	6.0 - 16.5
Trust receipts	1.9 - 7.4	1.8 - 7.1
Bankers' acceptances	2.6 - 4.8	2.2 - 4.0
Revolving credits	1.3 - 4.8	1.2 - 4.0
Murabahah term financing	1.5 - 1.7	1.8 - 1.9

25. PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current:				
Trade payables:				
Trade payables	785,948	818,943	-	-
Bill payables	12,563	11,361	-	-
Sales tax accruals	78,547	89,190	-	-
Customer deposits	76,282	53,631	-	-
Related parties	457,819	379,189	-	-
Other payables:				
Accruals	492,770	454,248	8,770	12,754
Provision for unutilised leave	9,102	14,307	-	-
Financial guarantees	12,614	3,446	6,272	-
Sundry payables	291,404	245,807	720	630
	2,217,049	2,070,122	15,762	13,384
Non-current:				
Other payables:				
Financial guarantees	48,600	-	28,137	-
Total trade and other payables	2,265,649	2,070,122	43,899	13,384

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

25. PAYABLES (CONT'D.)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-current (cont'd.):				
Total trade and other payables (exclude provisions)	2,256,547	2,055,815	43,899	13,384
Add: Long term borrowings (Note 22)	1,803,038	1,524,177	629,874	739,770
Short term borrowings (Note 24)	2,386,737	1,464,325	109,982	-
Less: Finance lease payables (Note 23)	(1,199)	(2,053)	-	-
Total financial liabilities carried at amortised costs	6,445,123	5,042,264	783,755	753,154

The related parties balances comprise of amounts due to corporate shareholders of subsidiaries and/or their subsidiaries for purchase of inventories. The corporate shareholders are Toyota Motor Corporation, Japan and Toyota Tsusho Corporation, Japan and/or their subsidiaries and associated companies.

Financial guarantees relate to corporate guarantee and financial indemnity provided by the Group and by the Company in respect of financing facilities taken by subsidiaries, joint ventures and associated companies.

Trade creditors are non-interest bearing and are normally settled within 1 day to 90 days (2013: 1 day to 90 days) terms.

Sundry payables are non-interest bearing and are normally settled within 30 days to 365 days (2013: 30 days to 365 days) terms.

26. REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Gross dividend income from subsidiaries	-	-	488,930	543,788
Sales of goods and services	13,912,332	13,268,906	-	-
Drilling and workover services	1,014,903	678,720	-	-
Rental income from investment properties	5,255	3,834	-	-
	14,932,490	13,951,460	488,930	543,788

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

27. OTHER OPERATING INCOME

Included in other operating income are:

	Group	
	2014	2013
	RM'000	RM'000
Net fair value gains on financial assets held for trading	11	1,023
Gain on disposal of property, plant and equipment, leased assets and investment properties	65,525	76,474
Net gain on disposal of investments	760	4,977
Net realised foreign exchange gains	14,493	109,292
Net unrealised foreign exchange gains	22,103	-
Bad debts recovered	807	303
Rental income from operating leases	1,776	2,635
Commission	79,257	70,539
	2014	2013
	RM'000	RM'000
Net foreign exchange gains		
- realised	-	81,796
- unrealised	31,519	24,950
Net fair value gain on financial assets held for trading	-	1,303
Net gain on disposal of cash funds	2,730	-
Gain on disposal of shares in a subsidiary pursuant to the listing of UMW-OG	-	823,071
Amortisation of financial guarantee	-	501

28. EMPLOYEE BENEFITS

	Group	
	2014	2013
	RM'000	RM'000
Staff costs		
Wages and salaries	887,480	826,625
Social security costs	5,871	5,448
(Reversal)/provision for unutilised leave	(5,205)	3,462
Pension costs - defined contribution plan	97,900	92,323
Other staff related expenses	130,482	90,776
	1,116,528	1,018,634

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

29. PROFIT BEFORE ZAKAT AND TAXATION

Profit before zakat and taxation are derived after charging/(crediting):

	2014	2013
	RM'000	RM'000
Group		
Executive director:		
- salaries and other emoluments	1,862	1,933
- defined contribution plan	279	275
- benefits-in-kind	113	110
Non-executive directors:		
- fees	1,261	1,149
- other emoluments	438	509
- benefits-in-kind	411	278
Rental of offices and rigs	125,270	100,689
Research and development	705	541
Auditors' remuneration:		
Statutory audit		
- auditors' of the Company	2,707	2,538
- other auditors	511	357
Other services		
- auditors' of the Company	1,269	3,608
Bad debts written off	37	1,684
Net provision/(reversal) of inventories written down	8,584	(6,631)
Royalty	7,162	7,608
Property, plant and equipment written off	945	8,660
Net impairment/(reversal of net impairment) losses of:		
- property, plant and equipment	(55)	(4,872)
- leased assets	235	1,478
- receivables	18,569	79,080
- investments in joint ventures	86,458	53,474
- investments in associates	27,779	(35,606)
- goodwill	12,274	87,414
- available-for-sale investment	162	34
Loss on disposal of property, plant and equipment, leased assets and investment properties	457	1,207
Net unrealised foreign exchange losses	-	14,400
Net provision/(reversal of provision) for warranties	21,431	(17,271)
Net fair value loss on financial assets held for trading	711	9,497
Net fair value loss on derivatives	42,261	103,151
Re-measurement of assets held for sale (Note 18)	93,000	-
Expenses pursuant to the listing of UMW-OG	-	10,907*

* Total expenses incurred pursuant to the listing of UMW-OG amounted to RM65.9 million out of which RM55.0 million have been recognised into equity as disclosed in Note 9(e) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

29. PROFIT BEFORE ZAKAT AND TAXATION (CONT'D.)

Profit before zakat and taxation are derived after charging/(crediting):

	2014 RM'000	2013 RM'000
Company		
Non-executive directors		
- fees	1,000	908
- other emoluments	338	353
- benefits-in-kind	277	215
Auditors' remuneration:		
- statutory audit	182	172
- other services	48	48
Impairment on investment in subsidiaries	34,409	5,000
Write back of impairment on investment in a subsidiary	-	(20,000)
Allowance for impairment loss on amount due from subsidiaries	43,367	164,357
Expenses pursuant to the listing of UMW-OG	-	24,315
Net fair value loss on financial assets held for trading	1,390	-
Net fair value losses on derivatives	45,440	100,592
Loss on disposal of motor vehicles	352	80

The number of directors of the Company whose total remuneration falls within the respective bands are as follows:

	Number of directors	
	2014	2013
Executive director:		
RM2,250,001 - RM2,300,000	1	-
RM2,300,001 - RM2,350,000	-	1
Non-executive directors:		
Up to RM50,000	-	1
RM50,001 - RM100,000	-	2
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	5	2
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	-	2
RM300,001 - RM350,000	1	-
RM550,001 - RM600,000	-	1
RM700,001 - RM750,000	1	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

30. FINANCE COSTS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- Bank borrowings	67,502	56,841	-	-
- Sukuk	19,635	42,588	19,635	42,588
- Others	4,749	4,190	-	-
	91,886	103,619	19,635	42,588
Less: Interest expense capitalised in assets-in-progress	(6,740)	(4,458)	-	-
Net interest expense	85,146	99,161	19,635	42,588

31. INVESTMENT INCOME

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Investment income comprises:				
Gross dividend income from:				
- Available-for-sale financial assets				
- Unquoted investments	1,433	400	-	-
- Designated as fair value through profit or loss				
- Quoted investments outside Malaysia	1,443	-	-	-
Interest income from:				
- Loans and receivables				
- Subsidiaries	-	-	40,716	31,582
- Others	90,618	64,385	948	3,712
- Held-to-maturity				
- Others	1	1	-	-
Distribution income from:				
- Quoted investments	40,556	16,055	16,410	3,547
	134,051	80,841	58,074	38,841

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

32. INCOME TAX EXPENSE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian taxes	372,412	341,597	-	-
Overseas taxes	33,345	21,196	-	-
RPGT/WHT*	4,271	7,285	402	387
	410,028	370,078	402	387
(Over)/under provision in prior year:				
Malaysian taxes	(4,164)	(8,621)	-	-
Overseas taxes	415	(4,318)	-	-
	(3,749)	(12,939)	-	-
	406,279	357,139	402	387
Deferred taxation (Note 12):				
Relating to origination and reversal of temporary differences	(9,609)	8,830	-	-
Over provision in prior years	(3,002)	(15,520)	-	-
	(12,611)	(6,690)	-	-
	393,668	350,449	402	387

* Real Property Gain Tax/Withholding tax

Domestic current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

32. INCOME TAX EXPENSE (CONT'D.)

Reconciliations of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	2014	2013
	RM'000	RM'000
Group		
Profit before zakat and taxation	1,621,460	1,435,673
Taxation at Malaysian statutory rate of 25% (2013: 25%)	405,365	358,918
Effect of different tax rates in other countries	12,512	(5,588)
Tax incentives	(73)	-
Income not subject to tax	(38,626)	(42,582)
Expenses not deductible for tax purposes	15,169	95,657
Tax losses not available for offsetting against future taxable profits	140	215
Utilisation of current year's reinvestment allowances	(8,796)	(349)
Utilisation of previously unrecognised tax losses	(824)	(12,429)
Deferred tax assets not recognised	50,464	21,355
Over provision of deferred tax in prior years	(3,002)	(15,520)
Over provision of income tax expense in prior years	(3,749)	(12,939)
Effect of income subject to RPGT	-	3,095
Effect of share of profits of associates and joint ventures	(34,912)	(39,384)
Tax expense for the year	393,668	350,449
Company		
Profit before zakat and taxation	429,368	1,190,422
Taxation at Malaysian statutory rate of 25% (2013: 25%)	107,342	297,606
Income not subject to tax	(143,122)	(369,995)
Expenses not deductible for tax purposes	38,105	73,410
Utilisation of group relief	(1,923)	(634)
Tax expense for the year	402	387

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

33. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	2013
Net profit attributable to equity holders (RM'000)	<u>651,970</u>	652,926
Weighted average number of ordinary shares of RM0.50 in issue ('000)	<u>1,168,294</u>	1,168,294
Basic earnings per share of RM0.50 (sen)	<u>55.8</u>	55.9

Diluted earnings per ordinary share is not presented as the Company has no dilutive potential ordinary shares as at the end of the reporting period.

34. DIVIDENDS

	Amount		Net dividend per share of RM0.50 each	
	2014 RM'000	2013 RM'000	2014 Sen	2013 Sen
(a) Recognised during the financial year:				
In respect of the financial year ended 31 December 2012:				
- Final single-tier dividend of 50%	-	292,074	-	25.0
In respect of the financial year ended 31 December 2013:				
- First interim single-tier dividend of 20%	-	116,829	-	10.0
- Second interim single-tier dividend of 30%	-	175,244	-	15.0
- Special interim single-tier dividend of 20%	-	116,829	-	10.0
- Third interim single-tier dividend of 18%	105,146	-	9.0	-
In respect of the financial year ended 31 December 2014:				
- First interim single-tier dividend of 20%	116,829	-	10.0	-
	<u>221,975</u>	700,976	<u>19.0</u>	60.0

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

34. DIVIDENDS (CONT'D.)

	Amount		Net dividend per share of RM0.50 each	
	2014	2013	2014	2013
	RM'000	RM'000	Sen	Sen
(a) Recognised during the financial year (cont'd.):				
Payable:				
In respect of the financial year ended 31 December 2014:				
- Second interim single-tier dividend of 30%	175,244	-	15.0	-
	397,219	700,976	34.0	60.0

A third interim single-tier dividend in respect of the current financial year of 32% or 16.0 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM186.9 million (2013: a single-tier dividend of 18% or 9.0 sen per share of RM0.50 each, amounting to RM105.1 million net dividend) was declared on 26 February 2015 and will be payable to the shareholders on 24 April 2015. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2015.

- (b) The Company will be able to distribute dividends out of its entire retained profits as at 31 December 2014 under the single-tier system.

35. COMMITMENTS

	Group	
	2014 RM'000	2013 RM'000
(a) Capital commitments		
Approved and contracted for:		
- land and buildings	123,537	110,126
- equipment, plant and machinery	1,418,646	630,250
- others	24,791	21,316
	1,566,974	761,692
Approved but not contracted for:		
- land and buildings	160,665	112,325
- equipment, plant and machinery	749,197	1,702,170
- others	165,837	150,952
	1,075,699	1,965,447
Total capital commitments	2,642,673	2,727,139

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

35. COMMITMENTS (CONT'D.)

	Group	
	2014	2013
	RM'000	RM'000
(b) Commitments under non-cancellable operating leases		
Amount payable within 1 year	3,283	3,658
Amount payable later than 1 year but not more than 2 years	2,968	4,230
Amount payable later than 2 years but not more than 5 years	1,973	1,646
Amount payable after 5 years	<u>20,132</u>	<u>19,325</u>

36. CONTINGENT LIABILITIES

As at the reporting date, the Group has the following contingent liabilities for which no liability is expected to arise:

	Group	
	2014	2013
	RM'000	RM'000
Unsecured		
Performance bonds in favour of third parties	<u>274,440</u>	<u>211,117</u>

37. SEGMENT REPORTING

For management purposes, the Group is organised into business segments based on products and services, and has five reportable operating segments as follows:

- (i) The automotive segment is principally engaged in the import, assembly and marketing of passenger and commercial vehicles and related spares.
- (ii) The equipment segment is involved in the trading and leasing of a wide range of light and heavy equipment including related spares for use in the industrial, construction and agricultural sectors.
- (iii) The manufacturing and engineering segment is involved in the manufacturing, assembly and trading of automotive parts, the blending, packaging, marketing and distribution of lubricants and other established agency lines in the automotive field.
- (iv) The oil and gas segment is engaged in the manufacturing and trading of oil pipes and the provision of various oil and gas services including drilling and pipe-coating.
- (v) The other segment is involved in the provision of the followings:
 - (a) support services in travel;
 - (b) information technology;
 - (c) management and corporate services and various professional services; and
 - (d) manufacturing, fabrication and supply of products and services to oil and gas industry.

Transfer prices between operating segments are at terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments

	Manufacturing and Engineering					Adjustments and Eliminations			Per Consolidated Financial Statements RM'000
	Automotive RM'000	Equipment RM'000	Oil and Gas RM'000	Others RM'000	RM'000	RM'000	RM'000	Note	
2014									
Revenue:									
External customers	10,764,067	1,737,143	1,014,903	720,301	-	-	-		14,932,490
Inter-segment	1,942	30,023	29,002	12,453	(73,420)		I		-
Total revenue	10,766,009	1,767,166	1,014,903	732,754	(73,420)				14,932,490
Results:									
Depreciation and amortisation	(82,076)	(104,764)	(17,523)	(41,275)	-	-			(378,744)
Share of results of associates and joint ventures	194,408	-	(2,325)	(52,985)	-	-			139,648
Segment profit/(loss) before zakat and taxation	1,475,266	218,231	14,786	(370,979)	-	-			1,621,460
Zakat	-	-	-	(14,787)	-	-			(14,787)
Income tax expense	(312,991)	(32,026)	(6,359)	(11,894)	-	-			(393,668)
Segment profit/(loss) after zakat and taxation	1,162,275	186,205	8,427	(397,660)	-	-			1,213,005

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

	Manufacturing and Engineering				Oil and Gas	Others	Note	Per Consolidated Financial Statements RM'000
	Automotive	Equipment	Engineering	RM'000				
2014 (cont'd.)								
Assets:								
Investment in associates and joint ventures	1,270,116	-	32,473		2,597	552,252		1,857,438
Additions to non-current assets	92,687	139,540	34,623		1,776,374	142,322	II	2,185,546
Segment assets	5,502,012	1,345,672	607,777		5,189,258	3,874,955		16,519,674
Liabilities:								
Segment liabilities	1,372,861	611,607	296,182		2,544,396	2,261,571		7,086,617

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

	Manufacturing and Engineering				Oil and Gas			Others		Adjustments and Eliminations		Per Consolidated Financial Statements	
	Automotive RM'000	Equipment RM'000	Engineering RM'000	and Engineering RM'000	Oil and Gas RM'000	Others RM'000	Eliminations RM'000	Note	Others RM'000	Eliminations RM'000	RM'000	RM'000	
2013													
Revenue:													
External customers	10,020,931	1,676,590	705,512	737,752	810,675	-	-				13,951,460		
Inter-segment	2,053	28,868	29,986	-	15,952	(76,859)					-		
Total revenue	10,022,984	1,705,458	735,498	737,752	826,627	(76,859)					13,951,460		
Results:													
Depreciation and amortisation	(84,829)	(94,737)	(16,804)	(89,383)	(39,533)	-					(325,286)		
Share of results of associates and joint ventures	199,091	-	(5,421)	485	(36,618)	-					157,537		
Segment profit/(loss) before zakat and taxation	1,413,474	195,838	(39,164)	206,849	(341,324)	-					1,435,673		
Zakat	-	-	-	-	(1,012)	-					(1,012)		
Income tax expense	(280,964)	(33,243)	(10,181)	(14,791)	(11,270)	-					(350,449)		
Segment profit/(loss) after zakat and taxation	1,132,510	162,595	(49,345)	192,058	(353,606)	-					1,084,212		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

	Manufacturing and Engineering				Oil and Gas	Others	Note	Per Consolidated Financial Statements RM'000
	Automotive	Equipment	Engineering	RM'000				
2013 (cont'd.)								
Assets:								
Investment in associates and joint ventures	1,168,667	-	32,763	2,392	550,122			1,753,944
Additions to non-current assets	145,259	142,976	27,580	785,324	115,673	II		1,216,812
Segment assets	5,185,791	1,166,246	623,476	3,890,669	3,728,965			14,595,147
Liabilities:								
Segment liabilities	1,272,365	552,967	327,852	1,051,561	2,457,870			5,662,615

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

37. SEGMENT REPORTING (CONT'D.)**(a) Business segments (cont'd.)**

The following are nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- I. Inter-segment revenues are eliminated on consolidation.
- II. Additions to non-current assets consist of:

	Note	2014 RM'000	2013 RM'000
Property, plant and equipment	4	2,065,132	1,102,701
Leased assets	8	120,414	114,111
		2,185,546	1,216,812

(b) Geographical segments

	Malaysia RM'000	Overseas RM'000	Consolidated RM'000
2014			
Revenue from external customers	13,325,181	1,607,309	14,932,490
Non-current assets	2,210,908	3,763,887	5,974,795
2013			
Revenue from external customers	12,801,915	1,149,545	13,951,460
Non-current assets	2,902,028	1,307,536	4,209,564

Non-current assets stated above consist of the following items as presented in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000
Property, plant and equipment	5,669,692	3,898,853
Investment properties	3,850	4,553
Intangible assets	25,555	37,856
Land use rights	6,580	6,697
Leased assets	267,701	259,163
Non-current assets held for sale (net)	1,417	2,442
	5,974,795	4,209,564

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES

(i) The following are the subsidiaries of the Company:

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(a) Subsidiaries incorporated in Malaysia			
Direct subsidiaries of the Company:			
UMW Corporation Sdn. Bhd.	100	100	Provision of full corporate, administrative, professional, security services and financial support to its subsidiaries and associates. In addition, the subsidiary also trades in a range of light and heavy equipment.
UMW Petropipe (L) Ltd.	100	100	Investment holding.
UMW Australia Ventures (L) Ltd.	100	100	Investment holding.
UMW Oil & Gas Berhad	100	100	Investment holding.
UMW Oil & Gas Corporation Berhad ^	55.24	55.15	Provision of full corporate management, administrative and professional services to its related companies.
^ Listed on Main Market of Bursa Securities Malaysia Berhad			
Indirect subsidiaries of the Company:			
UMW Malaysian Ventures Sdn. Bhd.	55.24	55.15	Investment holding.
UMW Industries (1985) Sdn. Bhd.	100	100	Distribution of industrial and material handling equipment and related spares.
UMW (East Malaysia) Sdn. Bhd.	100	100	Distribution of industrial and heavy equipment and related spares in Sabah and Sarawak.
UMW (Sarawak) Sdn. Bhd.	100	100	Dormant.
UMW Equipment Sdn. Bhd.	100	100	Distribution of industrial and heavy equipment and related spares in Peninsular Malaysia.
UMW Advantech Sdn. Bhd.	100	100	Manufacturing and distribution of filters, plastic engineering products and spare parts for various automotive and industrial applications and letting out properties.
UMW Industrial Power Sdn. Bhd.	100	100	Distribution of industrial and power equipment and related parts.
UMW Offshore Investment (L) Ltd.	100	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
UMW Linepipe (L) Ltd.	100	100	Investment holding.
UMW Drilling Co. Ltd.	55.24	55.15	Ownership and leasing of rig.
UMW Oilfield International (L) Ltd.	60	60	Supply of oil and gas products and services and investment holding.
UMW Oilpipe Services (Turkmenistan) Ltd.	28.17	28.13	Provision of threading, inspection, repair and maintenance services for OCTG.
UMW China Ventures (L) Ltd.	100	100	Investment holding.
UMW Autocorp Sdn. Bhd.	100	100	Investment holding.
Kelang Pembena Kereta2 Sendirian Berhad	100	100	Dormant.
KPKK Realty Sdn. Bhd.	100	100	Dormant.
UMW Equipment Rental Services Sdn. Bhd.	100	100	Dormant.
UMW Lubricant International Sdn. Bhd.	100	100	Marketing, selling and distribution of "Repsol" branded lubricants.
U-TravelWide Sdn. Bhd.	100	100	Provision of travel agency services.
UMW Aero Industries Sdn. Bhd.	100	100	Dormant.
Tracpart Centre Sdn. Bhd.	100	100	Dormant.
U E-Technologies Sdn. Bhd.	100	100	Provision of information technology services.
Otomobil Sejahtera Sdn. Bhd.	100	100	Importing and retailing of passenger and commercial vehicles.
UMW M&E Sdn. Bhd.	100	100	Investment holding.
UMW Vehicle Components Sdn. Bhd.	100	100	Dormant.
UMW Fabritech Sdn. Bhd.	70	70	Providing sandblasting, testing, priming, coating, inspection, maintenance and repair services of equipment and tubes.
UMW Oilfield International (M) Sdn. Bhd.	100	100	Supply of oil and gas products and services.
Lubetech Sdn. Bhd.	100	100	Blending and packaging of lubricants.
UMW Pennzoil Distributors Sdn. Bhd.	100	100	Marketing, selling and distribution of "Pennzoil" branded lubricants.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
UMW Workover Sdn. Bhd.	55.24	55.15	Provision of workover operations for the Oil and Gas Industry.
UMW JDC Drilling Sdn. Bhd.	46.95	46.88	Provision of drilling operations for the Oil and Gas Industry.
Inobel Sdn. Bhd.	100	100	Marketing and rendering of information technology services.
KYB-UMW Malaysia Sdn. Bhd.	52.1	52.1	Manufacture and assembly of vehicle shock absorbers.
KYB-UMW Steering Malaysia Sdn. Bhd.	52.1	52.1	Manufacture and assembly of power steering pumps.
UMW Development Sdn. Bhd.	51	51	Investment holding and property development.
UMW Toyota Motor Sdn. Bhd.	51	51	Investment holding and importation and distribution of Toyota vehicles and related spares.
Assembly Services Sdn. Bhd.	51	51	Assembly of vehicles, manufacturing of engines and fitting of accessories.
Automotive Industries Sendirian Berhad	51	51	Manufacture of vehicle exhaust systems and kangaroo bars.
UMW Australia Ventures Sdn. Bhd.	100	100	Investment holding.
Toyota Boshoku UMW Sdn. Bhd.	33.15	33.15	Manufacture of seats, interior and exterior parts and other parts for cars and other vehicles.
UMW Oilpipe Services Sdn. Bhd.	55.24	55.15	Provision of threading for OCTG.
UMW Drilling 2 (L) Ltd. (formerly known as UMW Naga Two (L) Ltd.)	55.24	55.15	Ownership and leasing of rig.
UMW Drilling 3 (L) Ltd. (formerly known as UMW Naga Three (L) Ltd.)	55.24	55.15	Ownership and leasing of rig.
UMW India Ventures (L) Ltd.	75	75	Investment holding.
UMW Sher (L) Ltd.	45	45	Provide contract drilling and engineering for the Oil and Gas Industry and leasing of drilling rigs and vessels.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
UMW Offshore Drilling Sdn. Bhd.	55.24	55.15	Contract offshore drilling business and operations and other engineering services for oil and gas exploration, development and production in Malaysia and overseas.
MK Autocomponents Limited	61.08	61.08	Investment holding.
MK Automotive Industries Limited	55	55	Investment holding.
UMW Synergistic Generation Sdn. Bhd.	100	60	Provision of engineering and maintenance services as a customised equipment packager and a total solution provider for power generators and other equipment used in the oil and gas and other markets.
UMW SG Power Systems Sdn. Bhd.	100	60	General contractor, sales and services equipment.
UMW SG Engineering & Services Sdn. Bhd.	100	60	Engineering works and general trading.
UMW Drilling 4 (L) Ltd.	55.24	55.15	Ownership and leasing of rig.
UMW M&E Limited	100	100	Investment holding.
UMW Drilling Academy Sdn. Bhd.	55.24	55.15	Provision of training and other related services.
UMW Rig Asset (L) Ltd.	55.24	55.15	Investment holding.
UMW Drilling 5 (L) Ltd.	55.24	55.15	Ownership and leasing of rig.
UMW Drilling 6 (L) Ltd.	55.24	55.15	Ownership and leasing of rig.
UMW Drilling 7 (L) Ltd.	55.24	-	Labuan leasing, contract drilling, and workover operations as well as other engineering services for oil and gas exploration, development and production.
UMW Drilling 8 (L) Ltd.	55.24	-	Labuan leasing, contract drilling, and workover operations as well as other engineering services for oil and gas exploration, development and production.
UMW Grantt International Sdn. Bhd.	100	-	Manufacturing, distributing, selling and trading of lubricants, greases and speciality products.
UMW Technology Sdn. Bhd.	100	-	Investment in technology companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(b) Subsidiaries incorporated in the Republic of Singapore			
Indirect subsidiaries of the Company:			
UMW Equipment & Engineering Pte. Ltd.	100	100	Importation, distribution, repair, maintenance and service of all types of industrial and heavy equipment, automotive parts and related spares in Singapore.
UMW Equipment Systems Pte. Ltd.	100	100	Investment holding.
Vina Offshore Holdings Pte. Ltd.*	70	70	Sale of supplies used in the marine and offshore oil rig industry.
PFP Singapore Pte. Ltd.*	100	100	Sale of piping materials.
UMW Helmsion Engineering Pte. Ltd.*	42	42	Manufacture of industrial cranes and related products and services.
UMW Standard 1 Pte. Ltd.	55.24	55.15	Ownership and leasing of rig.
UMW Standard 3 Pte. Ltd.	55.24	55.15	Ownership and leasing of rig.
UMW Singapore Ventures Pte. Ltd.*	55.24	55.15	Investment holding.
UMW Marine and Offshore Pte. Ltd.*	100	100	Dormant.
(c) Subsidiary incorporated in Papua New Guinea			
Indirect subsidiary of the Company:			
UMW Niugini Limited*	94.4	94.4	Distribution of heavy equipment and related spares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(d) Subsidiaries incorporated in People's Republic of China			
Indirect subsidiaries of the Company:			
UMW Oilfield Services (Tianjin) Co., Limited*	55.24	55.15	Provision of threading, inspection, repair and maintenance services for OCTG.
UMW Industrial Equipment (Shanghai) Co., Ltd.*	100	100	Provision of after-sales and repair services for equipment.
UMW Industrial Trading (Shanghai) Co., Ltd.*	100	100	Marketing of Toyota industrial equipment, Aerex and other airport ground support equipment and environmental products.
Vision Fleet Equipment Leasing (Shanghai) Co., Ltd.*	100	100	Rental and fleet management services mainly for products distributed by the UMW Group of China.
PFP (Shenzhen) Piping Materials Co., Ltd.*	100	100	Import and export of piping materials.
UMW Coating Technologies (Tianjin) Co., Ltd.*	100	100	Provision of oil and gas related equipment and pipe coating services.
(e) Subsidiary incorporated in Thailand			
Indirect subsidiary of the Company:			
UOT (Thailand) Limited*	32.48	32.43	Provision of threading, inspection, repair and maintenance services for OCTG.
(f) Subsidiary incorporated in the Republic of Vietnam			
Indirect subsidiary of the Company:			
UMW Equipment Systems (Vietnam) Company Limited*	100	100	Provision of service for equipment installation, maintenance, repair, overhaul and lease of equipment in industrial, construction and traffic sectors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(g) Subsidiaries incorporated in the Union of Myanmar			
Indirect subsidiaries of the Company:			
UMW Machinery Limited*#	100	100	Importation and distribution of industrial and heavy equipment and related parts.
UMW Engineering Services Limited*#	100	100	Provision of after-sales services for equipment and maintenance and repair of equipment.
(h) Subsidiary incorporated in British Virgin Islands			
Indirect subsidiary of the Company:			
UMW ACE (BVI) Ltd.	70	70	Investment holding.
(i) Subsidiaries incorporated in Australia			
Indirect subsidiaries of the Company:			
PFP Holdings Pty. Ltd.	100	100	Investment holding.
PFP (Aust) Holdings Pty. Ltd.	100	100	Investment holding.
Australasia Piping Products Pty. Ltd.	100	100	Dormant.
PFP (Aust) Pty. Ltd.	100	100	Stockist and sales of pipes and fittings to the Oil and Gas Industry.
(j) Subsidiaries incorporated in India			
Indirect subsidiaries of the Company:			
Sathya Auto Private Limited #	61.08	61.08	Manufacture of mechanical jacks, radiator caps and sheet metal components.
Castwel Autoparts Private Limited #	61.08	61.08	Manufacture of aluminium gravity/pressure die casting, aluminium alloys and machine components.
Jaybee Drilling Private Limited #	45	45	Onshore drilling activities in India.
UMW Dongshin Motech Private Limited #	37.8	37.8	Original equipment manufacturer of stamped automotive upper body parts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(k) Subsidiary incorporated in Taiwan			
Indirect subsidiary of the Company:			
PFP Taiwan Co., Ltd.*	75	75	Wholesale of metal building materials and international trade.
(l) Subsidiary incorporated in Bahrain			
Indirect subsidiary of the Company:			
UMW Middle East Ventures Holding W.L.L.*	100	100	Investment holding.
(m) Subsidiary incorporated in Oman			
Indirect subsidiary of the Company:			
Arabian Drilling Services L.L.C.	65	65	Drilling of oil and natural gas wells and service activities incidental to extraction of petroleum and natural gas, excluding surveying.
(n) Subsidiaries incorporated in the Cayman Islands			
Indirect subsidiaries of the Company:			
Offshore Driller B324 Ltd.	55.24	55.15	Ownership and leasing of rig.
Offshore Driller 4 Ltd.	55.24	55.15	Investment holding and provision of management services.
(o) Subsidiary incorporated in the Republic of Indonesia			
Indirect subsidiary of the Company:			
PT UMW International	100	100	Investment holding and general trading.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

38. SUBSIDIARIES (CONT'D.)

(ii) The following companies are under members' voluntary liquidation/deregistration:

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(a) Subsidiaries incorporated in Malaysia			
Indirect subsidiaries of the Company:			
UMW Deepnautic Sdn. Bhd.	51.26	51.26	Dormant.
Coldfusion Engineering Sdn. Bhd.	100	100	Dormant.
(b) Subsidiary incorporated in the Republic of Singapore			
Indirect subsidiary of the Company:			
UMW Deepnautic Pte. Ltd.*	35.7	35.7	Dormant.

* Subsidiaries audited by firms of auditors other than Ernst & Young

The financial year end of the above subsidiaries is 31 March.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

39. JOINT VENTURES

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(a) Joint venture incorporated in the Republic of Singapore			
Tubulars International Pte. Ltd.	30	30	Investment holding.
(b) Joint venture incorporated in Hong Kong			
Lubritech International Holdings Limited	60	60	Investment holding.
(c) Joint venture incorporated in India			
United Seamless Tubular Private Limited	32.2	32.2	Manufacturing of seamless tubular green pipes.
(d) Joint ventures incorporated in People's Republic of China			
Lubritech Limited	60	60	Produce and operate lubrication oil business and import and wholesale of lubrication oil and lubrication grease.
Sichuan Haihua Petroleum Steel Pipe Co. Ltd.	40	40	Manufacturing of oil, gas, water and other liquid from transmission pipes, and provision of antiseptic coating services for steel pipes.
(e) Joint venture incorporated in the Republic of Indonesia			
PT Pusaka Bersatu	49	-	Trading in various automotive-based businesses in Indonesia.

Other than United Seamless Tubular Private Limited whose financial year end is 31 March, the financial year end of all the above jointly-controlled entities is 31 December.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

40. ASSOCIATES

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(a) Associates incorporated in Malaysia			
Rail-Tech Industries Sdn. Bhd.	50	50	Dormant.
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	38	38	Investment holding and provision of management and administrative services.
Held through Perodua:			
Perodua Sales Sdn. Bhd.	38	38	Marketing and distribution of motor vehicles, related spare parts and other related activities.
Strategic Auto Sdn. Bhd.	38	38	Dormant.
Perodua Global Manufacturing Sdn. Bhd.	28.12	28.12	Manufacturer and dealer in component parts including engines, coupling and transmission components.
Perodua Manufacturing Sdn. Bhd.	28.12	28.12	Manufacture and assembly of motor vehicles and other related activities.
Perodua Engine Manufacturing Sdn. Bhd.	28.12	28.12	Manufacturer and dealers of component parts, included engines, coupling and transmission components.
UMW Toyotsu Motors Sdn. Bhd.	30	30	Sales and after-sales services of Toyota brand of motor vehicles, parts and other relevant products.
PFP (Malaysia) Sdn. Bhd.	40	40	Supply of materials to the marine process and petro-chemical industries.
Toyota Capital Malaysia Sdn. Bhd.	30	30	Hire purchase financing, factoring and trade confirming.
Held through Toyota Capital Malaysia Sdn. Bhd.:			
Toyota Capital Acceptance Malaysia Sdn. Bhd.	30	30	Hire purchase financing, debt factoring and money lending.
Seabanc Kredit Sdn. Bhd.	30	30	Hire purchase financing, leasing and debt factoring.
Toyota Lease Malaysia Sdn. Bhd.	30	30	Provision of lease financing.
Lada Motors Sendirian Berhad	40	40	Dormant.
e-Lock Corporation Sdn. Bhd.	20.1	-	Investment holding and research, development and distribution of computer's software, solutions and services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

40. ASSOCIATES (CONT'D.)

Company	Group Effective interest		Principal activities
	2014 %	2013 %	
(b) Associates incorporated in People's Republic of China			
Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd.	49	49	Provision of internal epoxy coating for OCTG and line pipes for the Oil and Gas Industry.
Zhongyou BSS (Qinhuangdao) Petropipe Co., Ltd.	34.3	34.3	Manufacturing and marketing of Longitudinal Submerged Arc Welded (LSAW) steel pipes for oil and gas transmission lines and structural pipe for oil and gas applications; internal gas applications; and internal services.
Shanghai BSW Petro-pipe Co., Ltd.	32.4	32.4	Manufacture of spiral welded pipes for the Oil and Gas Industry.
Jiangsu Tube-Cote Shuguang Coating Co., Ltd.	28.13	28.13	Provision of internal epoxy coating for OCTG and line pipes for the Oil and Gas Industry.
Held through WSP Holdings Limited:			
Wuxi Seamless Oil Pipe Co., Ltd.	22.5	22.5	Design and manufacture of seamless OCTG and line pipes for the Oil and Gas Industry.
(c) Associate incorporated in Thailand			
Oil-Tex (Thailand) Company Limited	20	20	Provision of logistic services for the Oil and Gas Industry.
(d) Associate incorporated in British Virgin Islands			
First Space Holdings Limited	22.5	22.5	Investment holding.
(e) Associate incorporated in the Cayman Islands			
WSP Holdings Limited	22.5	22.5	Investment holding.

Other than e-Lock Corporation Sdn. Bhd. whose financial year end is 31 January, UMW Toyotsu Motors Sdn. Bhd., Toyota Capital Malaysia Sdn. Bhd. and its subsidiaries whose financial year end is 31 March, and Oil-Tex (Thailand) Company Limited whose financial year end is 30 June, the financial year end of all of the above associated companies is 31 December.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

41. SIGNIFICANT EVENTS

- (a) On 29 January 2014, PT UMW International (“PTUI”), a wholly-owned subsidiary of UMW and PT Pusaka Sukucadang (“BBG”) Indonesia, the nominee of Bluebird Group received the Endorsement Decision dated 17 January 2014, issued by the Ministry of Law and Human Rights, Indonesia, confirming the establishment of PT Pusaka Bersatu (“PTPB”) in Indonesia.

The intended principal activity of PTPB is trading in various automotive based businesses in Indonesia.

The initial paid-up share capital of PTPB is USD1,000,000 (or any equivalent amount in Rupiah) divided into 1,000,000 ordinary shares of USD1.00 each (or any equivalent amount in Rupiah), with PTUI and BBG holding 49% and 51% of the paid-up capital, respectively.

- (b) On 11 October 2013, the Company entered into a Sale of Shares Agreement (“SSA”) with Dr. Leong Chik Weng, a director of the Company (hereinafter referred to as “the Parties”), for the acquisition and the subscription of the following:
- (i) 650,000 ordinary shares of RM1.00 each, representing 10% of the total issued and paid-up share capital of e-Lock Corporation Sdn. Bhd. (“e-Lock”), held by Dr. Leong Chik Weng for a total consideration of USD4,000,000 at the prevailing exchange rate at the date of payment; and
 - (ii) 650,000 new ordinary shares of RM1.00 each issued by e-Lock for a total consideration of USD4,000,000 at the prevailing exchange rate at the date of payment.

This resulted in a total acquisition of 1,300,000 ordinary shares of RM1.00 each, representing 18.2% of the issued and paid-up share capital of e-Lock.

As at 31 December 2013, the Company had paid USD7,500,000 (equivalent to RM23,850,000) for the acquisition and the remaining balance of the consideration of USD500,000 will be paid upon registration of the Company’s rights and interest over rights issue on the basis of two (2) new ordinary shares for every one (1) existing ordinary shares to be issued by e-Lock within three (3) months from the date of the SSA.

During the year, the Company registered its rights and interest over rights issue on the basis of two (2) new ordinary shares for every one (1) existing ordinary shares issued by e-Lock within three (3) months from the date of the SSA.

On 10 April 2014, the Parties mutually agreed upon a further extension of the subscription period of the rights issue of ordinary shares of RM1.00 each in e-Lock (“Rights Issue”), which would ultimately result in the Company being the beneficial and registered owner of 20.1% of the issued and paid-up ordinary shares in the capital of e-Lock, by another three (3) months from the expiry of the six (6) months period stipulated in the SSA.

On 3 July 2014, the Parties mutually agreed to vary the subscription ratio of the rights issue of ordinary shares of RM1.00 each in e-Lock (“Rights Issue”) mentioned in the SSA from 2 new shares for every 1 share held in e-Lock to 1.5 new shares for every 1 share held in e-Lock. The variation to the subscription ratio of the rights issue will still result in the Company being the beneficial and registered owner of 20.1% of the issued and paid-up ordinary shares in the capital of e-Lock.

On 10 July 2014, the Company fully subscribed to the Rights Issue and was allotted 1,950,000 ordinary shares of RM1.00 each in e-Lock. Consequently, the Company is now the registered and beneficial owner of 20.1% of the issued and paid-up share capital of e-Lock.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

41. SIGNIFICANT EVENTS (CONT'D.)

- (c) On 25 July 2014, UMW Corporation Sdn. Bhd. ("UMWC"), a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement ("the SPA") with Dato' Muthukumar a/l Ayarpadde for the proposed disposal by UMWC of the following, for a total cash consideration of RM73,126,825:
- (i) 7,141,476 ordinary shares of USD1.00 each in MK Autocomponents Limited ("MKAL") representing UMWC's 61.08% equity interest in MKAL, for a cash consideration of RM21,372,121;
 - (ii) 3,350,270 ordinary shares of USD1.00 each in MK Automotive Industries Limited ("MKAIL") representing UMWC's 55% equity interest in MKAIL, and the inter-company loans granted by UMWC and the Company amounting in aggregate to RM19,797,792, which are owing, for a cash consideration of RM15,647,876; and
 - (iii) Disposal and transfer of the Compulsory Convertible Debentures ("CCD") of 106.17 million aggregating USD20.0 million (INR equivalent of USD0.19 per CCD) issued by UMW Dongshin Motech Private Limited to UMW M&E Limited, a wholly-owned subsidiary of UMWC, for a cash consideration of RM36,106,828.

(collectively referred to as the "Proposed Disposals").

The purchase consideration would be received in three staggered payments over a period of three years.

The completion of the SPA is pending fulfilment of certain conditions precedent. The completion date of the Proposed Disposal has been extended to 30 June 2015, from the original completion date of 20 December 2014.

The asset and liabilities had been classified as held for sale in accordance to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations as disclosed in Note 18.

42. SUBSEQUENT EVENTS

The Company has from 2 January 2015 to 26 March 2015 acquired a further equity interest of 10,434,400 ordinary shares in UMW-OG.

As at 26 March 2015, the Company effectively holds 1,204,777,400 ordinary shares in UMW-OG giving rise to an effective ownership of 55.72%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

43. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) In addition to the related party transaction informations disclosed elsewhere, transactions by UMW Holdings Berhad and its subsidiaries with the associates and corporate shareholder of the subsidiaries are as follows:

Group companies	Transacting parties	Nature of transactions	2014 RM'000	2013 RM'000
UMW Industries (1985) Sdn. Bhd.	)	Lease rental	5,683	6,228
)			
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	)	Sale of shock absorbers	57,104	60,520
)			
U-TravelWide Sdn. Bhd.	)	Air tickets	3,627	4,909
)			
UMW Toyota Motor Sdn. Bhd. and its subsidiaries	) Perodua Group*	Sale of goods and services	120,467	132,889
)			
)			
UMW Industrial Power Sdn. Bhd.	)	Sale of goods and services	9,502	5,496
)			
UMW Advantech Sdn. Bhd.	)	Sale of goods and services	34,406	37,598
)			
Lubetech Sdn. Bhd.	)	Sale of goods and services	10,791	13,647
)			
UMW JDC Drilling Sdn. Bhd.	) Japan Drilling	Purchase of goods and	18,588	20,468
	) Co. Ltd. and its	services		
	) subsidiaries			
	)	Bare boat charter	41,040	50,718
)			
UMW Corporation Sdn. Bhd.	)	Purchase of goods and	2,752	1,612
	) Toyota Capital	services		
	) Malaysia Sdn.			
UMW Oil & Gas Corporation Berhad	) Bhd. and its	Purchase of goods and	1,015	415
	) subsidiaries	services		
)			
UMW Holdings Berhad	)	Purchase of goods and	477	32
	)	services		

* Comprises Perusahaan Otomobil Kedua Sdn. Bhd., its subsidiaries and associates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

- (b) Transactions by the Group with Toyota Motor Corporation, Japan (the corporate shareholder of UMW Toyota Motor Sdn. Bhd.) and its subsidiaries and associates are as follows:

Group companies	Transacting parties	Nature of transactions	2014 RM'000	2013 RM'000
UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Toyota Motor Corporation, Japan and its subsidiaries	Sale of goods and services	825,725	1,163,176
		Purchase of goods and services	3,094,521	3,905,490
	UMW Toyotsu Motors Sdn. Bhd.	Sale of goods	146,439	146,498
		Purchase of goods and services	2,261	2,419

- (c) Transactions by the Group with the corporate shareholders of KYB-UMW Malaysia Sdn. Bhd. are as follows:

Group companies	Transacting parties	Nature of transactions	2014 RM'000	2013 RM'000
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Kayaba Industry Co. Ltd., Japan and its subsidiaries	Sale of goods and services	62,959	57,009
		Purchase of goods and services	9,046	7,875
	Toyota Tsusho Corporation, Japan and its affiliated company	Sale of goods and services	94	87
		Purchase of goods and services	32,231	32,020

- (d) Transactions by the Group with a related company of the corporate shareholder of UMW Sher (L) Ltd. and Jaybee Drilling Pvt. Ltd. are as follows:

Group companies	Transacting parties	Nature of transactions	2014 RM'000	2013 RM'000
UMW Sher (L) Ltd.	)	Bare boat charter	13,862	11,799
Jaybee Drilling Pvt. Ltd.	) Jaybee Energy	Purchase of goods and services	13,370	11,571
	) Pte. Ltd.			

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

- (e) Transaction by the Group with a non-executive director of the Company and with a company the director has interest is as follows:

Group companies	Transacting parties	Nature of transactions	2014 RM'000	2013 RM'000
UMW Holdings Berhad	)	Acquisition of shares	1,950	23,850
)			
	) Dr. Leong	Purchase of goods and	31	-
	) Chik Weng/	services		
	) e-Lock			
UMW Corporation Sdn. Bhd.	) Corporation	Purchase of goods and	93	-
	) Sdn. Bhd.	services		
)			
UMW Oil & Gas Corporation Berhad	)	Purchase of services	63	-

- (f) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

	2014 RM'000	2013 RM'000
Salaries, wages and allowances	27,932	25,905
Provision for unutilised leave	141	21
Pension costs - defined benefit plan	3,730	3,470
Benefits-in-kind	2,014	2,282
	33,817	31,678

44. FAIR VALUE DISCLOSURES

The financial instruments of the Group and Company consist of cash and cash equivalents, trade and other receivables, borrowings, trade and other payables and derivatives.

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Determination of fair value

Quoted equity instruments

Fair value is determined directly by reference to their published market price at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

44. FAIR VALUE DISCLOSURES (CONT'D.)

Determination of fair value (cont'd.)

Derivatives

Interest rate swap contracts and forward exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Loans and borrowings

Fair values of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2014 was assessed to be insignificant.

Finance leases

The fair value of finance lease receivables/payables are estimated by discounting expected future cash flows at a rate for similar types of leasing arrangements at the reporting date.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

(i) Financial instruments not carried at fair value

	Note	2014		2013	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Financial assets					
Other investments (non-current)	13	4,307	*	28,324	*
Finance lease receivables	16	9,764	9,764	20,781	20,781
		14,071	9,764	49,105	20,781
Financial liabilities					
Finance lease payables	23	1,199	1,199	2,053	2,053
Long term borrowings					
- Fixed rate borrowings	22	3,920	3,920	3,920	3,920
- Fixed rate Sukuk	22	629,874	568,551	739,770	699,986
		634,993	573,670	745,743	705,959

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

44. FAIR VALUE DISCLOSURES (CONT'D.)

(i) Financial instruments not carried at fair value (cont'd.)

	Note	2014		2013	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Company					
Financial assets					
Other investments (non-current)					
- Unquoted shares, at cost	13	-	-	23,850	*
Financial liabilities					
Long term borrowings					
- Fixed rate Sukuk	22	629,874	568,551	739,770	699,986

* Other investments (unquoted shares) carried at cost (Note 13)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments mainly represent ordinary shares in companies that are not quoted on any market. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

(ii) Financial instruments carried at fair value

	2014 RM'000	2013 RM'000
Financial assets:		
Group		
Quoted investment in cash funds	1,181,759	2,331,470
Quoted shares outside Malaysia	16,868	12,604
Quoted investment in mutual funds	-	1,000
Forward currency contracts	382	3,030
Interest rate swaps	-	111
Cross currency interest rate swaps	5,631	4,462
Company		
Quoted investment in cash funds	389,133	1,029,249

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

44. FAIR VALUE DISCLOSURES (CONT'D.)**(ii) Financial instruments carried at fair value (cont'd.)**

	2014	2013
	RM'000	RM'000
Financial liabilities:		
Group		
Forward currency contracts	30,478	14,607
Embedded derivatives	8,387	10,512
Interest rate swaps	5,152	7,476
Cross currency swaps	2,856	8,255
Cross currency interest rate swaps	89,805	53,906
Company		
Forward currency contracts	24,377	14,501
Interest rate swaps	5,152	5,487
Cross currency interest rate swaps	89,805	53,906

Fair value hierarchy

The following provides the fair value measurement hierarchy of the Group's assets and liabilities.

The different levels have been defined as follows:

- (a) Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value of land has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

44. FAIR VALUE DISCLOSURES (CONT'D.)

Fair value hierarchy (cont'd.)

	Level	Note	Fair value	
			2014 RM'000	2013 RM'000
Assets measured at fair value:				
Group				
Quoted investment in cash funds	1	13	1,181,759	2,331,470
Quoted shares outside Malaysia	1	13	16,868	12,604
Quoted investment in mutual funds	1	13	-	1,000
Forward currency contracts	2	14	382	3,030
Interest rate swaps	2	14	-	111
Cross currency interest rate swaps	2	14	5,631	4,462
Non-current assets held for sale	3	18	122,597	2,442
Company				
Quoted investment in cash funds	1	13	389,133	1,029,249
Assets for which fair values are disclosed:				
Group				
Quoted shares in an associate outside Malaysia	1	11	-	41,088
Finance lease receivables	2	16	9,764	20,781
Investment properties	3	5	61,488	60,609
Liabilities measured at fair value:				
Group				
Forward currency contracts	2	14	30,478	14,607
Embedded derivatives	2	14	8,387	10,512
Interest rate swaps	2	14	5,152	7,476
Cross currency swaps	2	14	2,856	8,255
Cross currency interest rate swaps	2	14	89,805	53,906
Liabilities associated to non-current assets held for sale	3	18	121,180	-
Company				
Forward currency contracts	2	14	24,377	14,501
Interest rate swaps	2	14	5,152	5,487
Cross currency interest rate swaps	2	14	89,805	53,906

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

44. FAIR VALUE DISCLOSURES (CONT'D.)**Fair value hierarchy (cont'd.)**

	Level	Note	Fair value	
			2014 RM'000	2013 RM'000
Liabilities for which fair values are disclosed:				
Group				
Finance lease payables	2	23	1,199	2,053
Long term borrowings				
- Fixed rate borrowings	2	22	7,299	3,920
- Fixed rate Sukuk	2	22	629,874	739,770
Company				
Long term borrowings				
- Fixed rate Sukuk	2	22	629,874	739,770

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfers between Level 1 and Level 2 fair values during the financial year (2013: No transfer in either direction).

45. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating to enjoy the best terms of borrowing and healthy capital ratios in its subsidiaries to support business and maximise shareholders' value.

The Group's dividend policy is for all its subsidiary companies to declare and pay at least 50% of the subsidiary's net profit as dividends, unless funds are required for capital expenditure or investment purposes. Similarly, the Company has a dividend policy of paying at least 50% of its net profit attributable to shareholders after excluding unrealised profits.

For the purpose of maintaining a strong credit rating, the Group endeavours to keep its debt to equity ratio at around 50%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

45. CAPITAL MANAGEMENT (CONT'D.)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Short term borrowings	2,386,737	1,464,325	109,982	-
Long term borrowings	1,803,038	1,524,177	629,874	739,770
Total borrowings	4,189,775	2,988,502	739,856	739,770
Total equity	9,433,057	8,932,532	2,081,390	2,064,430
Gearing ratio	44%	33%	36%	36%

46. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. The financial risk management practices of the Group seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The principal aim of the Group's financial risk management practices is to identify, evaluate and manage financial risks with an objective to minimise potential adverse effects on the financial performance of the Group. The financial risk management practices are part of the Group's Enterprise Risk Management Framework.

The Board of Directors has established a risk management framework for subsidiaries within the Group. The Group's risk governance structure comprises the following:

- (i) The Investment and Risk Management Committee at the Board level
- (ii) The Risk Management Committee at corporate management level
- (iii) Risk Management Unit at the respective operating units

Responsibilities of the Investment and Risk Management Committee include:

- (i) to monitor the role, effectiveness and efficiency of the Risk Management Committee and Risk Management Units at operating units;
- (ii) to review the risk profile of the UMW Group and risk mitigation action plans; and
- (iii) to review the risk management policies, procedures and measurement methodologies of the UMW Group and to effect changes thereto, if deemed necessary.

The Risk Management Committee comprises members of the Management Committee. This Committee identifies and assesses risks, and makes recommendations on risk management to the Investment and Risk Management Committee.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

Financial risk management objectives of UMW Group are as follows:

- (i) to minimise exposure to all financial risks including foreign currency exchange, interest, credit and liquidity risks;
- (ii) to accept certain level of financial risks including price risk and credit risk that commensurate with the expected returns on the underlying operations and activities; and
- (iii) to minimise liquidity risk by proper cash flow planning, management and control.

The Group's financial risk management strategies include using:

- (i) derivatives to hedge its exposure to currency, interest and cash flow risks. However, use of derivatives for speculation is specifically prohibited;
- (ii) credit controls that include evaluation, acceptance, monitoring and feedback to ensure that only reasonably credit-worthy customers are accepted; and
- (iii) money market instruments, short term deposits and bank borrowings to manage liquidity risks.

The Group's strategies and practices in dealing with its major financial risks are set out below:

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. These foreign exchange risk exposures are mainly in US Dollar, Japanese Yen, Australian Dollar and Euro.

Approximately 6% (2013: 7%) of the Group's trade receivables are denominated in foreign currencies whilst almost 35% (2013: 37%) of trade payables are denominated in the respective functional currencies of the Group entities.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM128,912,000 (2013: RM156,348,000) and RM43,324,000 (2013: RM37,212,000) for the Group and the Company respectively.

Material foreign currency exposures are hedged via forward exchange contracts, cross currency swaps and foreign currency options by using foreign exchange facilities maintained with leading banks in Malaysia and overseas. The forward exchange contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Foreign currency risk (cont'd.)

The table below demonstrates the sensitivity of the Group's profit after tax as at year end to a possible reasonable change in the US Dollar, Japanese Yen, Australian Dollar and Euro exchange rates against Ringgit Malaysia with all other variables held constant:

		2014 RM'000	2013 RM'000
		<u>Effect on profit after tax</u>	
US Dollar	+ 10%	(4,356)	(5,865)
	- 10%	4,356	5,865
Japanese Yen	+ 10%	(6,779)	(1,617)
	- 10%	6,779	1,617
Australian Dollar	+ 20%	(1,261)	(1,653)
	- 20%	1,261	1,653
Euro	+ 10%	153	(5,775)
	- 10%	(153)	5,775

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk in respect of their placements with financial institutions, bank borrowings at floating rates and loans at floating rates given to related parties. Its policy is to:

- (i) have an optimal mixture of short term deposits or placements; and
- (ii) manage its interest cost using a combination of fixed and floating rate debts. Material interest rate exposures are hedged via interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

46. FINANCIAL RISK MANAGEMENT (CONT'D.)**(b) Interest rate risk (cont'd.)****Sensitivity analysis for interest rate risk**

The table below demonstrates the sensitivity of the Group's profit after tax, to possible reasonable changes in interest rates with all other variables held constant, through impact on interest income from placement of surplus funds and interest expense on floating rate borrowings:

		2014	2013
		RM'000	RM'000
		Effect on profit after tax	
Ringgit Malaysia interest rates	+ 50	(734)	(634)
	- 50	734	634
US Dollar interest rates	+ 50	(8,320)	(2,150)
	- 50	8,320	2,150

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables.

Credit risk is managed through the application of the UMW Group Credit Granting Guidelines. These Guidelines outline the credit granting criteria and approval procedures as endorsed by the Board. A credit committee performs on-going monitoring on compliance and ensures that these authorisation policies and procedures are consistent with business requirements.

Due to its diverse customer base, the Group does not have significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial institution.

The total exposure to credit risk are total loans and receivables as disclosed in Note 16 and corporate guarantees and financial indemnity granted by the Group and the Company of RM1,075,459,000 (2013: RM689,394,000) and RM824,723,000 (2013: RM340,600,000) respectively.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet financial obligations when due, as a result of shortage of funds arising from mismatch of maturities of financial assets and liabilities.

To ensure a healthy liquidity position, it is the Group's policy to:

- (i) have the right mixture of liquid assets in its portfolio;
- (ii) maintain a healthy gearing ratio;
- (iii) finance long term assets with long term loans; and
- (iv) maintain a balance between flexible and structured financing options to finance its operations and investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	← 2014 →				
	On demand or within one year RM'000	Between one and two years RM'000	Between two and five years RM'000	Over five years RM'000	Total RM'000
Group					
Financial liabilities:					
Trade and other payables	2,207,947	9,650	24,423	14,527	2,256,547
Derivatives:					
- Forward contracts (gross payments)	6,101	-	24,377	-	30,478
- Embedded derivatives	8,387	-	-	-	8,387
- Interest rate swaps (settled net)	628	-	4,524	-	5,152
- Cross currency swaps	-	2,856	-	-	2,856
- Cross currency interest rate swaps	14,026	75,779	-	-	89,805
Borrowings	2,438,412	846,173	704,764	467,385	4,456,734
Total undiscounted financial liabilities	<u>4,675,501</u>	<u>934,458</u>	<u>758,088</u>	<u>481,912</u>	<u>6,849,959</u>

	← 2014 →				
	On demand or within one year RM'000	Between one and two years RM'000	Between two and five years RM'000	Over five years RM'000	Total RM'000
Company					
Financial liabilities:					
Trade and other payables	15,762	5,750	14,463	7,924	43,899
Derivatives:					
- Forward currency contracts	-	-	24,377	-	24,377
- Interest rate swaps	628	-	4,524	-	5,152
- Cross currency interest rate swaps	14,026	-	75,779	-	89,805
Borrowings	113,898	455,629	196,669	-	766,196
Total undiscounted financial liabilities	<u>144,314</u>	<u>461,379</u>	<u>315,812</u>	<u>7,924</u>	<u>929,429</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Liquidity risk (cont'd.)

	← 2013 →				Total RM'000
	On demand or within one year RM'000	Between one and two years RM'000	Between two and five years RM'000	Over five years RM'000	
Group					
Financial liabilities:					
Trade and other payables	2,055,815	-	-	-	2,055,815
Derivatives:					
- Forward contracts (gross payments)	106	-	14,501	-	14,607
- Embedded derivatives	10,512	-	-	-	10,512
- Interest rate swaps (settled net)	77	1,308	6,091	-	7,476
- Cross currency swaps	-	-	1,863	-	1,863
- Cross currency interest rate swaps	6,392	6,739	47,167	-	60,298
Borrowings	1,536,138	830,123	797,757	8,592	3,172,610
Total undiscounted financial liabilities	3,609,040	838,170	867,379	8,592	5,323,181

	← 2013 →				Total RM'000
	On demand or within one year RM'000	Between one and two years RM'000	Between two and five years RM'000	Over five years RM'000	
Company					
Financial liabilities:					
Trade and other payables	13,384	-	-	-	13,384
Derivatives:					
- Forward currency contracts	-	-	14,501	-	14,501
- Interest rate swaps	-	926	4,561	-	5,487
- Cross currency interest rate swaps	-	6,739	47,167	-	53,906
Borrowings	-	113,881	652,225	-	766,106
Total undiscounted financial liabilities	13,384	121,546	718,454	-	853,384

There have been no material changes to the Group's and Company's exposure to the above financial risks or the manner in which it manages and measures the risks for the financial year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

The Group is exposed to market price risk arising from its investment in cash funds and they are quoted in the market.

Sensitivity analysis for market price risk

At the reporting date, if the market price of cash funds had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM59,087,940 (2013: RM116,623,500) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2014

47. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at 31 December 2014 and 31 December 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	2014		2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	4,167,505	670,702	3,832,016	696,820
- Unrealised	16,030	32,059	(59,699)	(11,019)
	4,183,535	702,761	3,772,317	685,801
Total share of retained profits/(accumulated losses) from associate companies:				
- Realised	1,275,392	-	1,215,251	-
- Unrealised	(26,229)	-	(24,058)	-
Total share of accumulated losses from joint ventures:				
- Realised	(254,255)	-	(168,483)	-
- Unrealised	1,054	-	(8,685)	-
	5,179,497	702,761	4,786,342	685,801
Add: Consolidation adjustments	(70,649)	-	98,337	-
Total retained profits	5,108,848	702,761	4,884,679	685,801

PERSONAL DATA PROTECTION NOTICE

This Personal Data Protection Notice (“**Notice**”) is issued by **UMW HOLDINGS BERHAD** and its subsidiaries, associates, affiliates and related companies (collectively referred to as “**UMW Group**” or “**we**” or “**us**”) and is applicable to all existing and prospective shareholders and/or investors. This Notice explains how we collect and handle your personal data in accordance with the Personal Data Protection Act, 2010 (“**Act**”). For the avoidance of doubt, all existing and prospective shareholders and/or investors shall be referred to collectively as “**shareholders and/or investors**” or “**you**”. Please note that the UMW Group reserves the right to make any variations and/or modification to this Notice at any time. Any variations and/or modification to this Notice shall be communicated through modes of communications deemed suitable by the UMW Group.

1. Personal Data

As shareholders and/or investors of UMW Group, we may process (to the extent applicable) the following personal data as provided by you and/or a service provider engaged by UMW Group and/or obtained from public domains, regulatory authorities, administrative authorities and/or supervisory authorities which may include, but is not limited to -

- i. your identity including photo, signature, name, contact numbers, email address(es), address(es), identification card/passport number, age, gender, race, nationality, marital status;
- ii. your bank account numbers, CDS account number, such other information that you provide as shareholders and/or investors of UMW Group;
- iii. video and voice recordings (including CCTV recordings and security recordings, images, testimonials, photograph and/or any other recordings of you as obtained when you are in UMW Group’s premises, facilities and offices and/or when you attend any of UMW Group related events, functions, activities and/or meetings);
- iv. information relating to your shareholding interest in the UMW Group or any other companies;
- v. any other personal data that you provide/declare to the UMW Group and/or that are collected from you as shareholders and/or investors of the UMW Group; and
- vi. any other information that you provide or are required to be given to become shareholders and/or investors.

2. Purposes for collecting and further processing (including disclosing) your personal data

Where applicable, we will process your personal data for the following purposes -

- i. to give effect and process your status as shareholders and/or investors of UMW Group;
- ii. to process your request to become shareholders and/or investors;
- iii. issuance of share certificates or securities, if applicable;
- iv. to deliver, communicate and transmit UMW Group’s annual reports, newsletters, latest information and other shareholders and/or investors relation information and materials through modes of communication and delivery we deem appropriate (including without limitation verbally, in hard print, electronically or online);
- v. payment of dividends and other benefits to shareholders and/or investors, if applicable;
- vi. to maintain, upkeep and update our records regarding our shareholders and/or investors;
- vii. statistical analysis and historical data;
- viii. execution of the relevant legal documents and instruments to give effect to your status as shareholders and/or investors of UMW Group;
- ix. as part of the UMW Group’s internal records management, internal compliance and corporate governance (including auditing, internal investigations, compliance, risk management, conflict of interest reporting, management reporting, and security processes);
- x. verification and identification purposes;
- xi. compliance with laws, regulations, guidelines, codes and statutory requirements;
- xii. to provide you with the services or information requested;
- xiii. for contact purposes;
- xiv. to defend and/or enforce UMW Group’s rights under law and/or obtain legal advice;
- xv. to attend to your enquiries and generally to enable resolution of a concern or complaint;
- xvi. to facilitate your participation in any of UMW Group’s functions, activities, meetings and/or events;
- xvii. administrative and operational purposes;
- xviii. security and access within UMW Group’s premises and facilities;
- xix. inclusion in media engagement and/or any relevant or related events;
- xx. publication in any printed materials, website, electronic media and/or social media platform arising from your participation in any UMW Group related functions, activities, meetings and/or events;
- xxi. to better understand your needs as shareholders and/or investors;
- xxii. for internal investigations, compliance, security and/or audit purposes;
- xxiii. to prosecute, prevent, investigate and/or detect any illegal and/or prohibited activities conduct and/or transactions; and
- xxiv. for any purpose that is incidental, ancillary or in furtherance to the above purposes.

The information you provide is necessary to the UMW Group. If you do not provide all the information as requested, we will not be able to keep your complete record of information, thus affecting the UMW Group’s ability to accomplish the above stated purposes.

3. Disclosure of information

We may disclose your personal data to the following parties (including those overseas) -

- i. entities within the UMW Group;
- ii. potential or actual purchasers, successors-in-title of the business or share (wholly or in part) of the UMW Group (including their advisers and representatives) as a result of a potential, proposed or actual sale of business, disposal, acquisition, merger or re-organisation;
- iii. government departments and agencies, law enforcement agencies, regulatory authorities, statutory authorities and/or industry regulators and to whom we are compelled or required to do so under law;
- iv. third parties appointed by the UMW Group to provide services to the UMW Group or on behalf of the UMW Group (including the UMW Group’s auditors, solicitors, financiers, agents, professional advisors, share registrars and other such service providers);
- v. any person, who is under a duty of confidentiality and/or who has undertaken the responsibility to keep such data confidential;
- vi. any actual or proposed assignee, participant, sub-participant or transferee of any of our rights or obligations; and
- vii. other parties, in respect of whom you have consented to the disclosure of your personal data.

4. Websites

4.1 Information Technology

When visiting the UMW Group’s websites, we may be able to identify you through collection of the following information during your visit to the UMW Group’s websites and/or the fully qualified domain name from which you accessed the UMW Group website, or alternatively, through your internet protocol (“IP”) address -

- i. the date and time in which you accessed UMW Group’s website;
- ii. the URL of any webpage from which you accessed UMW Group’s website; and
- iii. the web browser which you are using and the pages which you have accessed.

The UMW Group’s website may require you to provide a limited amount of information in order to obtain the services you requested and to enable the UMW Group to respond to your messages and requests. Any personal data provided will be used for its intended purpose only, i.e., to respond to your request for services, your messages and requests.

4.2 Links to other sites

Links to other sites may be provided on the UMW Group’s website for your convenience and information. These sites may have their own privacy statement and the UMW Group does not control, recommend or endorse these sites and the UMW Group will not be held responsible for these sites and their contents. As such, the UMW Group encourages you to read the privacy policies and terms of usage of these sites prior to accessing these sites.

5. Access, corrections and complaints

If you would like to make any inquiries or complaints or requests to access, correct or limit processing of your personal data, you may contact our officer below -

Group Secretary
Tel : 603 - 5163 5000 (from 9am to 5pm on business days excluding public holidays)
Email : gsect.pdpa@umw.com.my

Where you elect to contact our officer via telephone, please also send an e-mail for verification and record purposes. The UMW Group shall proceed to address your concerns as soon as practicable upon receipt of your request. Any request for access or correction of personal data may be subject to a fee and will be subject to the prevailing data protection laws in Malaysia.

6. Conflict

In the event of any conflict between this English language version and the Bahasa Malaysia version of this Notice, the terms in this English language Notice shall prevail.

NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini ("**Notis**") dikeluarkan oleh **UMW HOLDINGS BERHAD** dan anak-anak syarikatnya, syarikat-syarikat bersekutunya, syarikat-syarikat berkenaan dan syarikat-syarikat berkaitannya ("**Kumpulan UMW**" atau "**kami**") untuk pemegang saham dan/atau pelabur yang sedia ada dan bakal pemegang saham dan/atau pelabur. Notis ini menerangkan bagaimana kami mengumpul dan mengendalikan data peribadi anda mengikut Akta Perlindungan Data Peribadi 2010. ("**Akta**"). Bagi mengelakkan keraguan, pemegang saham dan/atau pelabur yang sedia ada dan bakal pemegang saham dan/atau pelabur akan dirujuk secara kolektif sebagai "**pemegang saham dan/atau pelabur**" atau "**anda**". Sila maklum bahawa Kumpulan UMW berhak untuk membuat apa-apa perubahan dan/atau pengubahsuaian kepada Notis ini pada bila-bila masa. Apa-apa perubahan dan/atau pengubahsuaian kepada Notis ini akan disampaikan melalui mod komunikasi yang dianggap sesuai oleh Kumpulan UMW.

1. Data Peribadi

Sebagai pemegang saham dan/atau pelabur Kumpulan UMW, kami mungkin memproses (setakat mana berkenaan) data peribadi yang berikut, sepertimana yang diberikan oleh anda dan/atau pembekal perkhidmatan yang dilantik oleh Kumpulan UMW dan/atau yang diperolehi daripada domain awam, pihak berkuasa, pihak berkuasa pentadbiran dan/atau pihak berkuasa penyeliaan, yang mungkin termasuk tetapi tidak terhad kepada -

- i. identiti anda termasuk gambar, tandatangan, nama, nombor perhubungan, alamat-alamat e-mel, alamat-alamat, kad pengenalan/nombor passport, umur, jantina, kaum, kewarganegaraan, status perkahwinan;
- ii. akaun bank anda, nombor akaun "CDS", maklumat lain yang anda berikan sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- iii. rakaman video dan suara (termasuk rakaman CCTV dan rakaman sekuriti, imej, testimoni, gambar dan/atau rakaman anda yang diperolehi apabila anda berada di premis, kemudahan dan pejabat Kumpulan UMW dan/atau di mana anda menghadiri mana-mana acara berkaitan, "function", aktiviti dan/atau mesyuarat Kumpulan UMW berkaitan;
- iv. maklumat berkenaan pegangan saham dalam Kumpulan UMW atau syarikat lain)
- v. data peribadi lain yang anda berikan/ishtiharkan kepada Kumpulan UMW dan/atau dikumpulkan dari anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW; dan
- vi. maklumat lain yang anda berikan atau yang perlu diberikan untuk menjadi pemegang saham dan/atau pelabur.

2. Tujuan mengumpul dan seterusnya memproses (termasuk penzahiran) data peribadi anda

Setakat mana bersesuaian, kami akan memproses data peribadi anda untuk tujuan-tujuan berikut -

- i. untuk memberi kesan dan memproses status anda sebagai pemegang saham dan/atau pelabur untuk Kumpulan UMW;
- ii. untuk memproses permintaan anda untuk menjadi pemegang saham dan/atau pelabur;
- iii. penerbitan sijil saham atau sekuriti, jika berkenaan;
- iv. untuk menyampaikan, menghubungkan dan menghantar laporan tahunan, surat berita, maklumat terkini Kumpulan UMW dan lain-lain maklumat dan bahan-bahan berkaitan dengan pemegang saham dan/atau pelabur melalui mod komunikasi dan penyampaian yang kami anggap sesuai (termasuk tetapi tidak terhad kepada secara lisan, bahan bercetak, secara elektronik atau "online");
- v. pembayaran dividen dan manfaat lain kepada pemegang saham dan/atau pelabur, jika berkenaan;
- vi. pemeliharaan, penjagaan dan mengemaskini rekod kami mengenai pemegang saham dan/atau pelabur;
- vii. analisis statistik dan penyimpanan rekod sejarah;
- viii. pelaksanaan dokumentasi perundangan dan instrumen untuk memberi kesan kepada status anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- ix. bagi pengurusan rekod dalaman, pematuhan dalaman dan pentadbiran korporat Kumpulan UMW (termasuk audit, penyiasatan dalaman, pematuhan, pengurusan risiko, laporan konflik kepentingan, laporan pengurusan dan proses-proses sekuriti);
- x. bagi tujuan pengesahan dan pengenalan;
- xi. pematuhan undang-undang dan peraturan-peraturan, garis panduan, kod dan keperluan statut;
- xii. memberikan anda perkhidmatan atau informasi yang diminta;
- xiii. tujuan perhubungan;
- xiv. mempertahankan dan/atau menguatkuasakan hak Kumpulan UMW di bawah undang-undang dan/atau mendapatkan nasihat guaman;
- xv. untuk melayani pertanyaan anda dan secara amnya untuk menangani kebimbangan atau aduan anda;
- xvi. untuk memudahkan penyertaan anda dalam mana-mana "function", aktiviti, mesyuarat dan/atau acara Kumpulan UMW;
- xvii. untuk tujuan pentadbiran dan operasi;
- xviii. untuk tujuan sekuriti dan akses dalam premis dan kemudahan Kumpulan UMW;
- xix. penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan;
- xx. penerbitan dalam bahan bercetak, laman sesawang, media elektronik dan/atau laman sosial media berikutan penyertaan anda dalam "function", aktiviti, mesyuarat dan/atau acara berkaitan dengan Kumpulan UMW;
- xxi. untuk lebih memahami keperluan anda sebagai pemegang saham dan/atau pelabur;
- xxii. bagi tujuan penyiasatan dalaman, pematuhan, sekuriti dan/atau tujuan audit;
- xxiii. untuk mendakwa, mencegah, menyiasat dan/atau mengesan sebarang aktiviti, tingkahlaku dan/atau transaksi haram dan/atau dilarang; dan
- xxiv. bagi apa-apa tujuan lain yang bersampingan, berdampingan atau selanjutan dengan tujuan di atas.

Maklumat ini perlu untuk Kumpulan UMW. Sekiranya anda gagal untuk menyediakan semua maklumat data peribadi seperti yang diminta, kami tidak dapat menyimpan rekod yang lengkap mengenai anda, dan ini akan menjejaskan keupayaan kami untuk mencapai tujuan-tujuan yang dinyatakan di atas.

3. Penzahiran maklumat

Kami mungkin menzahirkan data peribadi anda kepada pihak-pihak berikut (termasuk yang berada di luar negara) -

- i. entiti di dalam Kumpulan UMW;
- ii. pembeli berpotensi atau sebenar, pengganti dalam hakmilik perniagaan atau saham (keseluruhannya atau sebahagian) Kumpulan UMW (termasuk penasihat dan wakil-wakil mereka) akibat daripada potensi, cadangan atau jualan perniagaan sebenar, pelupusan, pemerolehan, penggabungan atau pengorganisasian semula;
- iii. jabatan dan agensi kerajaan, agensi-agensi penguatkuasaan undang-undang, pihak berkuasa, pihak berkuasa berkanun dan/atau pengawal selia industri dan kepada pihak di mana kami dikehendaki berbuat demikian di bawah undang-undang;
- iv. pihak ketiga yang dilantik oleh Kumpulan UMW untuk menyediakan perkhidmatan kepada Kumpulan UMW atau bagi pihak Kumpulan UMW (termasuk juruaudit, peguam, ahli kewangan, ejen, penasihat profesional, pendaftar saham dan lain-lain jenis pembekal perkhidmatan);
- v. mana-mana individu di bawah kewajipan kerahsiaan dan/atau telah mengaku janji untuk memastikan data tersebut dirahsiakan;
- vi. mana-mana pemegang serah hak, peserta, sub-peserta atau penerima pindahan bagi mana-mana hak atau obligasi kami; dan
- vii. pihak-pihak lain di mana anda telah memberikan persetujuan untuk menzahirkan data peribadi anda kepada mereka.

4. Laman sesawang

4.1 Teknologi maklumat

Sekiranya anda melawat laman sesawang Kumpulan UMW, kami mungkin boleh mengenalpasti anda melalui pengumpulan maklumat berikut semasa anda melawat laman sesawang Kumpulan UMW dan/atau nama domain yang layak sepenuhnya (fully qualified domain name) dari mana anda melayari laman sesawang Kumpulan UMW, atau sebaliknya, melalui alamat protokol internet anda ("IP") -

- i. tarikh dan masa di mana anda melayari laman sesawang Kumpulan UMW;
- ii. mana-mana URL laman sesawang dari mana anda melayari laman sesawang Kumpulan UMW; dan
- iii. pelayar sesawang yang anda gunakan dan halaman yang telah anda akses.

Laman sesawang Kumpulan UMW mungkin memerlukan anda untuk memberikan sejumlah maklumat yang terhad untuk mendapatkan perkhidmatan yang anda minta dan membolehkan Kumpulan UMW memberikan respons kepada pesanan-pesanan dan permintaan-permintaan anda. Apa-apa data peribadi yang diberikan akan digunakan untuk tujuan yang dimaksudkan sahaja, iaitu untuk memberikan respons kepada permintaan anda untuk perkhidmatan-perkhidmatan dan pesanan-pesanan dan permintaan anda.

4.2 Pautan ke laman sesawang lain

Pautan ke laman sesawang lain mungkin disediakan di laman sesawang Kumpulan UMW untuk kemudahan dan maklumat anda. Laman-laman ini mungkin mempunyai pernyataan privasi tersendiri dan Kumpulan UMW tidak mengawal, mengesyorkan atau menyokong laman-laman ini dan Kumpulan UMW tidak akan bertanggungjawab bagi laman-laman ini serta kandungannya. Oleh itu, Kumpulan UMW menggalakkan anda untuk membaca polisi privasi dan terma-terma penggunaan laman-laman ini sebelum mengakses laman sesawang tersebut.

5. Akses, pembetulan dan aduan

Jika anda ingin membuat sebarang pertanyaan, aduan atau permohonan untuk mengakses atau membetulkan atau menghadkan pemrosesan data peribadi anda, anda boleh menghubungi pegawai kami di bawah -

Setiasaha Kumpulan
Tel : 03-5163 5000 (dari 9 pagi ke 5 petang pada hari bekerja tidak termasuk cuti umum)
Emel : gsect.pdpa@umw.com.my

Sekiranya anda memilih untuk menghubungi pegawai kami melalui telefon, anda juga diminta menghantar e-mel untuk pengesahan dan tujuan penyimpanan rekod. Kumpulan UMW akan berusaha menangani isu anda secepat mungkin selepas menerima permohonan anda. Sebarang permintaan untuk akses atau pembetulan data peribadi mungkin tertakluk kepada bayaran dan undang-undang perlindungan data yang berkuatkuasa di Malaysia.

6. Konflik

Sekiranya terdapat sebarang percanggahan di antara Notis versi Bahasa Inggeris dan Notis versi Bahasa Malaysia ini, versi Bahasa Inggeris akan diguna pakai.



UMW HOLDINGS BERHAD (090278-P)
(Incorporated in Malaysia)
3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate,
40200 Shah Alam, Selangor Darul Ehsan, Malaysia.

FORM OF PROXY

I/We, _____ being a member/members of UMW Holdings Berhad,

hereby appoint _____

of _____

or failing him, _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at the UMW Auditorium, UMW Holdings Berhad, No. 3, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, on Thursday, 28 May 2015 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces provided how you wish to cast your votes. If you do not do so, your proxy will vote or abstain from voting at his/her discretion. My/Our proxy is to vote as indicated below -

RESOLUTIONS	NO.	FOR	AGAINST
ORDINARY BUSINESS			
Re-election of Directors retiring pursuant to Article 123 of the Company's Articles of Association -			
1. Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani	1		
2. Dato' Siow Kim Lun @ Siow Kim Lin	2		
3. Khalid bin Sufat	3		
Approval of Directors' Fees for the financial year ended 31 December 2014	4		
Approval to increase Directors' Fees for the financial year ending 31 December 2015	5		
Re-appointment of Auditors for the financial year ending 31 December 2015 and authorising Directors to fix their remuneration	6		
SPECIAL BUSINESS			
Re-appointment of Tan Sri Asmat bin Kamaludin retiring pursuant to Section 129(6) of the Companies Act, 1965	7		
Proposed renewal of Shareholders' Mandate for recurrent related party transactions	8		

Number of Shares Held	CDS Account No.	Contact No.

For appointment of two (2) proxies, please state number of shares and percentage of shareholding to be represented by each proxy		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		

IMPORTANT -

Please refer to the Personal Data Protection Notice issued pursuant to the Personal Data Protection Act, 2010 ("PDPA Notice") in the annual report concerning the Company's collection of your personal data. You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy's personal data, you as a shareholder, warrant that the proxy/proxies has/have given his/her/their consent for his/her/their personal data being disclosed and processed in accordance with the PDPA Notice.

Signed this day of 2015

Signature of Member(s)/Common Seal

Notes

- (a) A member entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies in his/her stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- (b) A member may appoint any person to be his/her proxy without restriction to the proxy's qualification and the provisions of Section 149(1)(a)(b) of the Companies Act, 1965 shall not apply to the Company.
- (c) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (d) The proxy form must be signed by the appointer or his/her attorney or in the case of a corporation, executed under its common seal or under the hand of the attorney duly authorised in writing.
- (e) All proxy forms must be deposited at the Registered Office of the Company at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

1st fold this flap for sealing

Affix
Stamp

UMW HOLDINGS BERHAD (090278-P)
No. 10, Jalan Utas (15/7),
P.O. Box 7052, 40915 Shah Alam,
Selangor Darul Ehsan, Malaysia.

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